

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q**

(Mark One)  
 **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2026**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: **1-35229**

**Xylem Inc.**

*(Exact name of registrant as specified in its charter)*

**Indiana**

*(State or other jurisdiction of incorporation or organization)*

**45-2080495**

*(I.R.S. Employer Identification No.)*

**301 Water Street SE, Washington, DC 20003**

*(Address of principal executive offices) (Zip code)*

**(202) 869-9150**

*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange of which registered</u>
Common Stock, par value \$0.01 per share	XYL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 24, 2026, there were 237,693,493 outstanding shares of the registrant's common stock, par value \$0.01 per share.

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Xylem Inc.

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**PART I**

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**XYLEM INC. AND SUBSIDIARIES**

CONDENSED CONSOLIDATED INCOME STATEMENTS (Unaudited)  
(in millions, except per share data)

<b>For the three months ended March 31,</b>	<b>2026</b>	<b>2025</b>
Revenue from products	\$ 1,757	\$ 1,709
Revenue from services	368	360
Revenue	<u>2,125</u>	<u>2,069</u>
Cost of revenue from products	1,057	1,041
Cost of revenue from services	265	260
Cost of revenue	<u>1,322</u>	<u>1,301</u>
Gross profit	803	768
Selling, general and administrative expenses	472	460
Research and development expenses	56	56
Restructuring and asset impairment charges	31	21
Operating income	<u>244</u>	<u>231</u>
Interest expense	(4)	(8)
Other non-operating income, net	—	4
Gain/(Loss) on sale of businesses	4	(10)
Income before taxes	<u>244</u>	<u>217</u>
Income tax expense	(55)	(50)
Net income	<u>\$ 189</u>	<u>\$ 167</u>
Net loss attributable to non-controlling interests	<u>4</u>	<u>2</u>
Net income attributable to Xylem	<u>\$ 193</u>	<u>\$ 169</u>
Earnings per share:		
Basic	\$ 0.79	\$ 0.69
Diluted	\$ 0.79	\$ 0.69
Weighted average number of shares:		
Basic	242.8	243.1
Diluted	243.4	243.8

See accompanying notes to condensed consolidated financial statements.

**XYLEM INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**

(in millions)

<b>For the three months ended March 31,</b>	<b>2026</b>	<b>2025</b>
Net income	\$ 189	\$ 167
Other comprehensive (loss) income, before tax:		
Foreign currency translation adjustment	9	56
Amount of currency translation adjustment relating to divestiture of foreign subsidiaries reclassified into net income	5	8
Net change in derivative hedge agreements:		
Unrealized (loss) gain	(8)	15
Amount of (gain) loss reclassified into net income	(5)	2
Net change in post-retirement benefit plans:		
Amortization of net actuarial loss into net income	(1)	—
Foreign currency translation adjustment	—	(1)
Other comprehensive income, before tax	—	80
Income tax expense (benefit) related to items of other comprehensive income	16	(18)
Other comprehensive (loss) income, net of tax	(16)	98
Comprehensive income	\$ 173	\$ 265
Comprehensive loss attributable to non-controlling interest	11	2
Comprehensive income attributable to Xylem	<u>\$ 184</u>	<u>\$ 267</u>

See accompanying notes to condensed consolidated financial statements.

**XYLEM INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**  
(in millions)

	March 31, 2026	December 31, 2025
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 808	\$ 1,479
Receivables, less allowances for discounts, returns and credit losses of \$53 and \$68 in 2026 and 2025, respectively	1,796	1,759
Inventories	991	983
Prepaid and other current assets	243	244
Assets held for sale	192	176
<b>Total current assets</b>	<b>4,030</b>	<b>4,641</b>
Property, plant and equipment, net	1,151	1,159
Goodwill	8,292	8,332
Other intangible assets, net	2,213	2,272
Other non-current assets	1,268	1,230
<b>Total assets</b>	<b>\$ 16,954</b>	<b>\$ 17,634</b>
<b>LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 969	\$ 1,013
Accrued and other current liabilities	1,182	1,237
Short-term borrowings and current maturities of long-term debt	531	534
Liabilities held for sale	73	72
<b>Total current liabilities</b>	<b>2,755</b>	<b>2,856</b>
Long-term debt	1,407	1,408
Accrued post-retirement benefit obligations	308	317
Deferred income tax liabilities	437	405
Other non-current accrued liabilities	818	899
<b>Total liabilities</b>	<b>5,725</b>	<b>5,885</b>
Commitments and contingencies (Note 18)		
<b>Redeemable non-controlling interest</b>	<b>249</b>	<b>258</b>
Stockholders' equity:		
Common stock – par value \$0.01 per share:		
Authorized 750.0 shares, issued 260.3 shares and 259.9 shares in 2026 and 2025, respectively	3	3
Capital in excess of par value	8,772	8,759
Retained earnings	3,794	3,706
Treasury stock – at cost 21.2 shares and 16.3 shares in 2026 and 2025, respectively	(1,368)	(768)
Accumulated other comprehensive loss	(229)	(220)
<b>Total stockholders' equity</b>	<b>10,972</b>	<b>11,480</b>
Non-controlling interests	8	11
<b>Total equity</b>	<b>10,980</b>	<b>11,491</b>
<b>Total liabilities, redeemable non-controlling interest, and stockholders' equity</b>	<b>\$ 16,954</b>	<b>\$ 17,634</b>

See accompanying notes to condensed consolidated financial statements.

**XYLEM INC. AND SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited) (in millions)**
**For the three months ended March 31,**

	2026	2025
<b>Operating Activities</b>		
Net income	\$ 189	\$ 169
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	65	68
Amortization	75	77
Share-based compensation	13	12
Restructuring and asset impairment charges	31	21
(Gain) Loss from sale of businesses	(4)	10
Other, net	(8)	11
Payments for restructuring	(37)	(21)
Changes in assets and liabilities (net of acquisitions):		
Changes in receivables	(58)	(48)
Changes in inventories	(18)	(9)
Changes in accounts payable	(61)	(64)
Changes in long term receivables	(31)	(32)
Other, net	(48)	(161)
<b>Net Cash – Operating activities</b>	<b>108</b>	<b>33</b>
<b>Investing Activities</b>		
Capital expenditures	(90)	(71)
Acquisitions of businesses, net of cash acquired	—	(7)
Proceeds from sale of businesses, net of cash disposed	—	48
Proceeds from the sale of property, plant and equipment	1	5
Cash paid for investments	—	(1)
Cash paid for asset acquisition	(1)	—
Cash received from cross-currency swaps	14	12
Other, net	—	(1)
<b>Net Cash – Investing activities</b>	<b>(76)</b>	<b>(15)</b>
<b>Financing Activities</b>		
Short-term debt issued, net	—	1
Long-term debt repaid	(4)	(4)
Repurchase of common stock	(563)	(13)
Proceeds from exercise of employee stock options	—	6
Dividends paid	(106)	(98)
Other, net	(10)	(8)
<b>Net Cash – Financing activities</b>	<b>(683)</b>	<b>(116)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(15)</b>	<b>25</b>
Increase in cash classified within assets held for sale	(5)	—
Decrease in cash classified within assets held for sale	—	11
<b>Changes in cash classified within assets held for sale</b>	<b>(5)</b>	<b>11</b>
Net change in cash and cash equivalents	(671)	(62)
Cash and cash equivalents at beginning of year	1,479	1,121
<b>Cash and cash equivalents at end of period</b>	<b>\$ 808</b>	<b>\$ 1,059</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for:		
Interest	\$ 11	\$ 12
Income taxes (net of refunds received)	\$ 28	\$ 37

See accompanying notes to condensed consolidated financial statements.

**XYLEM INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1. Background and Basis of Presentation**

***Background***

Xylem Inc. ("Xylem" or the "Company") is a leading equipment and service provider for water and wastewater applications with a broad portfolio of products and services addressing the full cycle of water, from collection, distribution and use to the return of water to the environment.

Xylem operates in four segments, Water Infrastructure, Applied Water, Measurement and Control Solutions and Water Solutions and Services. See Note 19, "Segment Information," to the condensed consolidated financial statements for further segment background information.

Except as otherwise indicated or unless the context otherwise requires, "Xylem," "we," "us," "our" and the "Company" refer to Xylem Inc. and its subsidiaries.

***Basis of Presentation***

The interim condensed consolidated financial statements reflect our financial position and results of operations in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany transactions between our businesses have been eliminated.

The unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) considered necessary for a fair statement of the financial position and results of operations for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such SEC rules. We believe that the disclosures made are adequate to make the information presented not misleading. We consistently applied the accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2025 ("2025 Annual Report") in preparing these unaudited condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes included in our 2025 Annual Report.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are revised as additional information becomes available. Estimates and assumptions are used for, but not limited to, valuation results associated with purchase accounting, post-retirement obligations and assets, revenue recognition, income taxes, valuation of intangible assets, valuation of assets and liabilities classified as held for sale, goodwill and indefinite-lived intangible impairment testing and contingent liabilities. Actual results could differ from these estimates.

Our quarterly financial periods end on the Saturday closest to the last day of the calendar quarter, except for the fourth quarter which ends on December 31. For ease of presentation, the condensed consolidated financial statements included herein are described as ending on the last day of the calendar quarter.

## **Note 2. Recently Issued Accounting Pronouncements**

### **Pronouncements Not Yet Adopted**

In September 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software". This ASU amends the capitalization criteria for internal-use software and requires entities to make certain disclosure of costs capitalized under this subtopic. This ASU also supersedes existing guidance on web site development costs. The standard is effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with early adoption permitted. Prospective, retrospective, or modified transition adoption methods are all permitted under this ASU. We are currently evaluating the impact and method of adoption of this amendment.

In November 2024, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2024-03, "Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". This ASU requires a footnote disclosure to disaggregate each relevant expense caption on the face of the income statement that includes specific natural expense categories. In addition, the standard requires disclosure of selling expenses on an annual and interim basis. The standard is effective in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The standard is required to be adopted prospectively, but retrospective adoption is permitted. The Company is currently evaluating the method of adoption and the impact of the guidance on our disclosures in future periods.

### **Recently Adopted Pronouncements**

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): "Measurement of Credit Losses for Accounts Receivable and Contract Assets". This update provides a practical expedient that allows entities to assume current conditions as of the balance sheet date remain unchanged over the remaining life of certain current trade receivables and current contract assets when developing reasonable and supportable forecasts in estimating expected credit losses. The Company adopted ASU 2025-05 effective January 1, 2026, and elected the practical expedient for applicable trade receivables and contract assets on a prospective basis. Adoption of the standard did not have a material impact on the Company's consolidated financial statements.

## **Note 3. Acquisitions and Divestitures**

### **2026 Business Combination**

On March 25, 2026, the Company entered into a definitive agreement to acquire 100% ownership in a company specializing in optical sensing and measurement systems for water quality monitoring. The purchase price is approximately €190 million (\$219 million), subject to customary adjustments for working capital and other matters. The acquisition will be included in the Measurement and Control Solutions segment and is expected to close in 2026.

### **2025 Asset Acquisition**

#### *Vacom Systems, LLC*

At the beginning of the second quarter, we acquired Vacom Systems, LLC ("Vacom"), a wastewater treatment company that specializes in non-fouling, non-scaling evaporator and crystallizer systems, headquartered in Utah, U.S. The transaction had a total cash consideration of \$42 million, of which \$37 million was paid at closing. The remaining cash consideration will be paid over the next 12 to 18 months, subject to working capital and other customary adjustments. Additionally, the transaction consideration contained an earn out of 5% royalty on future revenue generated in connection with Vacom's proprietary technologies during the first five years following the acquisition. The earn out has a maximum pay out of \$25 million.

The Vacom transaction was accounted for as an asset acquisition because substantially all of the fair value of gross assets acquired were concentrated in its developed technology. On the acquisition date, the developed technology recognized in the condensed consolidated balance sheet was \$49 million. The developed technology has a useful life of 15 years and it is being amortized over its useful life on a straight-line basis within the Water Solutions and Services segment.

## **2025 Business Combination**

### *Pac Machine*

On December 2, 2025, we acquired Pac Machine Company ("Pac Machine"), a leading distributor specializing in the sale, rental and service of pumps, generators, and other dewatering equipment for mining, construction, agriculture, energy and marine sectors. The acquisition strengthens the Company's presence in Northern California and Nevada, while providing synergy opportunities.

During the quarter, the Company recorded measurement period adjustments due to updated valuation inputs and additional information on the facts and circumstances existing at the acquisition date, resulting in intangible assets totaling \$27 million, consisting of customer relationships valued using the multi-period excess earnings method ("MEEM"), and goodwill totaling \$31 million. The amount of goodwill recognized in the acquisition is not deductible for U.S. income tax purposes and is primarily attributable to costs and revenue synergies expected from combining the operations of Pac Machine with Xylem. Total fair value of consideration transferred of \$66 million (\$62 million, net of cash acquired), of which \$54 million (\$50 million, net of cash acquired) was paid at closing. The consideration transferred includes \$3 million related to the non-cash settlement of a preexisting receivable owed by the acquiree to the Company. The remaining consideration of \$9 million will be paid over the next four years, subject to working capital and other customary adjustments. Our condensed consolidated financial statements include Pac Machine's results of operations within the Water Solutions and Services segment.

### *EMX Holdings, Inc.*

On July 23, 2025, we acquired 100% ownership interest in EMX Holdings, Inc. and its subsidiary ("EnviroMix"). EnviroMix is headquartered in South Carolina, U.S., and provides mixing and process control products and services to municipal and industrial customers. This acquisition expands the Company's treatment offerings and provides synergy opportunities. The operating results of EnviroMix have been included in the Company's results of operations since the acquisition date within the Water Infrastructure segment.

The total fair value of consideration transferred was \$106 million, which was paid in cash on closing date, subject to final closing working capital and other ordinary adjustments. The fair value of assets and liabilities acquired resulting from the preliminary purchase price allocation consisted primarily of \$76 million in goodwill and \$34 million for customer relationships and other identifiable intangible assets. The preliminary estimates of fair value of EnviroMix's identifiable intangible assets were valued using the MEEM, the relief from royalty ("RFR") method, or the with and without method, all of which are forms of the income approach. The amount of goodwill recognized in the acquisition is not deductible for U.S. income tax purposes and is primarily attributable to management know-how and costs and revenue synergies expected from combining the operations of EnviroMix with Xylem.

The final determination of the fair value of certain assets and liabilities will be completed as soon as the necessary information becomes available but no later than one year from the acquisition date.

### *Simply Clean Air and Water, Inc.*

On January 31, 2025, we acquired Simply Clean Air and Water, Inc. ("Simply Clean"), a water service company that specializes in high-purity water systems for life sciences and pharmaceutical markets, for the net cash acquisition price of \$7 million. The company is headquartered in Connecticut, U.S. with 20 employees. Our condensed consolidated financial statements include Simply Clean's results of operations within the Water Solutions and Services segment.

## **2025 Divestiture**

On February 7, 2025, we completed the divestiture of our previously held for sale Evoqua Magneto business, which was part of the Water Infrastructure segment, for a cash selling price of \$61 million (\$48 million, net of cash transferred). As a result of the sale, we recorded a loss of \$10 million in the first quarter of the prior year, partially offset by a \$2 million favorable final working capital adjustment recorded in the third quarter of the prior year, resulting in a total loss of \$8 million. The loss is presented on the condensed consolidated income statement within "Gain/(Loss) on sale of businesses".

## **2025 Assets Held For Sale**

On September 27, 2025, the Company signed an agreement to sell the international metering business, part of the Measurement and Control Solutions segment, within one year. The international metering business offers a

portfolio of water and heat meters for residential, commercial, and industrial applications. As a result, assets and liabilities of the business were reclassified as held for sale.

During the year ended December 31, 2025, the Company recognized a \$39 million loss for the three months ended September 30, 2025, and a \$16 million gain for the three months ended December 31, 2025, resulting in a net loss of \$23 million for the year. During the three months ended March 31, 2026, the Company recognized a \$4 million gain, primarily due to updated carrying values and estimates of costs to sell, which is presented within "Gain/(Loss) on sale of businesses" in our condensed consolidated income statements.

#### Note 4. Revenue

##### *Disaggregation of Revenue*

The following table illustrates the sources of revenue:

(in millions)	Three Months Ended March 31,	
	2026	2025
Revenue from contracts with customers	\$ 2,059	\$ 2,002
Lease Revenue	66	67
<b>Total</b>	<b>\$ 2,125</b>	<b>\$ 2,069</b>

The following table reflects revenue from contracts with customers by application.

(in millions)	Three Months Ended March 31,	
	2026	2025
<b><i>Water Infrastructure</i></b>		
Transport	\$ 368	\$ 345
Treatment	235	236
<b><i>Applied Water</i></b>		
Building Solutions	262	247
Industrial Water	186	188
<b><i>Measurement and Control Solutions</i></b>		
Smart Metering and Other	417	404
Analytics	91	86
<b><i>Water Solutions and Services</i></b>		
Capital and Other	250	254
Services	250	242
<b>Total</b>	<b>\$ 2,059</b>	<b>\$ 2,002</b>

The following table reflects revenue from contracts with customers by geographical region.

(in millions)	Three Months Ended March 31,	
	2026	2025
<b>Water Infrastructure</b>		
United States	\$ 238	\$ 210
Western Europe	215	211
Emerging Markets (a)	100	115
Other	50	45
<b>Applied Water</b>		
United States	257	239
Western Europe	98	98
Emerging Markets (a)	62	65
Other	31	33
<b>Measurement and Control Solutions</b>		
United States	343	322
Western Europe	91	77
Emerging Markets (a)	39	45
Other	35	46
<b>Water Solutions and Services</b>		
United States	365	376
Western Europe	25	24
Emerging Markets (a)	55	49
Other	55	47
<b>Total</b>	<b>\$ 2,059</b>	<b>\$ 2,002</b>

(a) Emerging Markets includes results from the following regions: Eastern Europe, the Middle East and Africa, Latin America and Asia Pacific (excluding Japan, Australia and New Zealand, which are presented in "Other")

### Contract Balances

We receive payments from customers based on a billing schedule as established in our contracts. Contract assets relate to costs incurred to perform in advance of scheduled billings. Contract liabilities relate to payments received in advance of performance under the contracts. Changes in contract assets and liabilities are due to our performance under the contract. The table below provides contract assets, contract liabilities, and significant changes in contract assets and liabilities:

(in millions)	Contract Assets (a)		Contract Liabilities	
Balance at January 1, 2026	\$	510	\$	286
Additions, net		153		110
Revenue recognized from opening balance		—		(107)
Billings transferred to accounts receivable		(107)		—
Foreign currency and other		(17)		(5)
Balance at March 31, 2026	\$	539	\$	284
Balance at January 1, 2025	\$	303	\$	322
Additions, net		133		116
Revenue recognized from opening balance		—		(126)
Billings transferred to accounts receivable		(107)		—
Foreign currency and other		—		1
Balance at March 31, 2025	\$	329	\$	313

(a) Excludes receivable balances, which are disclosed on the Condensed Consolidated Balance Sheets

### Performance obligations

Delivery schedules vary from customer to customer based upon their requirements. Typically, large projects require longer lead production cycles and delays can occur from time to time. As of March 31, 2026, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied for contracts with performance obligations, amount to \$1,957 million. The Company elects to apply the practical expedient to exclude from this disclosure revenue related to performance obligations that are part of a contract whose original expected duration is less than one year.

## Note 5. Restructuring and Asset Impairment Charges

From time to time, the Company will incur costs related to restructuring actions in order to streamline our organization, optimize our cost base, and strengthen our competitive position and ability to better serve our customers. During the three months ended March 31, 2026 and 2025, we incurred restructuring charges of \$31 million and \$17 million, respectively.

The following table presents the components of restructuring expense and asset impairment charges:

(in millions)	Three Months Ended	
	March 31,	
	2026	2025
<b>By component:</b>		
Severance and other charges	\$ 31	\$ 18
Asset impairment	1	—
Reversal of restructuring accruals	(1)	(1)
<b>Total restructuring costs</b>	<b>\$ 31</b>	<b>\$ 17</b>
Asset impairment charges	—	4
<b>Total restructuring and asset impairment charges</b>	<b>\$ 31</b>	<b>\$ 21</b>
<b>By segment:</b>		
Water Infrastructure	\$ 26	\$ 13
Applied Water	1	3
Measurement and Control Solutions	3	1
Water Solutions and Services	1	4
Corporate and other	—	—

## Restructuring

The following table displays a roll-forward of the restructuring accruals, presented on our Condensed Consolidated Balance Sheets within "Accrued and other current liabilities" and "Other non-current accrued liabilities", for the three months ended March 31, 2026 and 2025:

(in millions)	2026	2025
Restructuring accruals - January 1	\$ 34	\$ 25
Restructuring costs	31	17
Cash payments	(37)	(21)
Asset impairment	(1)	—
Foreign currency and other	—	1
Restructuring accruals - March 31	<u>\$ 27</u>	<u>\$ 22</u>
By segment:		
Water Infrastructure	\$ 7	\$ 4
Applied Water	1	4
Measurement and Control Solutions	3	3
Water Solutions and Services	2	3
Centralized support facilities (a)	14	7
Corporate and other	—	1

(a) Centralized support facilities consist primarily of support functions, including selling and marketing organizations, that incurred restructuring expense that was allocated to the segments. However, the liabilities associated with restructuring expense were not allocated to the segments.

There are no actions commenced in the three months ended March 31, 2026. The following table presents the total costs expected to be incurred, the amount incurred in the period, and the cumulative costs incurred to date for our 2025 restructuring actions:

(in millions)	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services	Corporate	Total
<b>Actions Commenced in 2025:</b>						
Total expected costs	\$ 86	\$ 29	\$ 19	\$ 11	\$ —	\$ 145
Costs incurred in 2025	55	23	9	6	—	93
Costs incurred during Q1 2026	26	1	3	1	—	31
Total expected costs remaining	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ —</u>	<u>\$ 21</u>

The actions commenced in 2025 consist primarily of severance charges. The actions are expected to continue through the end of 2026.

During the first quarter of 2026, we recognized \$1 million in fixed asset impairment charges due to restructuring actions within our Measurement and Control Solutions segment.

### Asset Impairment

During the first quarter of 2026, we did not recognize additional asset impairment charges.

During the first quarter of 2025, we recognized \$4 million of impairment charges for internally developed software within our Water Solutions and Services and Water Infrastructure segments.

Refer to Note 9, "Goodwill and Other Intangible Assets," for additional information.

**Note 6. Income Taxes**

Our quarterly provision for income taxes is measured using an estimated annual effective tax rate, adjusted for discrete items within the periods presented. The comparison of our effective tax rate between periods is significantly impacted by the level and mix of earnings and losses by tax jurisdiction and discrete items.

The income tax provision for the three months ended March 31, 2026 was \$55 million resulting in an effective tax rate of 22.3%, compared to a \$50 million expense resulting in an effective tax rate of 23.1% for the same period in 2025. The effective tax rate for the three-month period ended March 31, 2026 was higher than the U.S. federal statutory rate primarily due to earnings mix.

***Unrecognized Tax Benefits***

During 2019, Xylem's Swedish subsidiary received a tax assessment from the Swedish Tax Agency (the "STA") for the 2013 tax year related to the tax treatment of an intercompany transfer of certain intellectual property that was made in connection with a reorganization of our European businesses. Xylem filed an appeal with the Administrative Court of Växjö, which rendered a decision adverse to Xylem in June 2022 for SEK837 million (approximately \$88 million USD), consisting of the full tax assessment amount plus penalties and interest. Xylem has appealed this decision with the intermediate appellate court, the Administrative Court of Appeal, and on May 15, 2024, that court rendered a decision in favor of Xylem and also remanded an issue to the trial court for resolution. In December 2025, the trial court issued a ruling on the remanded issue in Xylem's favor. The STA has appealed this ruling to the Administrative Court of Appeal. Management, in consultation with external legal advisors, continues to believe it is more likely than not that Xylem will prevail on the proposed assessment and will continue to vigorously defend our position through this litigation. There can be no assurance that the final determination by the authorities will not be materially different than our position. As of March 31, 2026, we have not recorded any unrecognized tax benefits related to this uncertain tax position.

## Note 7. Earnings Per Share

The following is a reconciliation of the shares used in calculating basic and diluted net earnings per share:

	Three Months Ended	
	March 31,	
	2026	2025
Net income attributable to Xylem (in millions)	\$ 193	\$ 169
Shares (in thousands):		
Weighted average common shares outstanding	242,760	243,084
Add: Participating securities (a)	12	21
Weighted average common shares outstanding — Basic	242,772	243,105
Plus incremental shares from assumed conversions: (b)		
Dilutive effect of stock options	300	352
Dilutive effect of restricted stock units and performance share units	288	323
Weighted average common shares outstanding — Diluted	243,360	243,780
Basic earnings per share	\$ 0.79	\$ 0.69
Diluted earnings per share	\$ 0.79	\$ 0.69

- (a) Restricted stock units containing rights to non-forfeitable dividends that participate in undistributed earnings with common stockholders are considered participating securities for purposes of computing earnings per share.
- (b) Incremental shares from stock options, restricted stock units and performance share units are computed by the treasury stock method. The weighted average shares listed below were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented or were otherwise excluded under the treasury stock method. The treasury stock method calculates dilution assuming the exercise of all in-the-money options and vesting of restricted stock units and performance share units, reduced by the repurchase of shares with the proceeds from the assumed exercises and unrecognized compensation expense for outstanding awards. Performance share units will be included in the treasury stock calculation of diluted earnings per share upon achievement of underlying performance or market conditions at the end of the reporting period. See Note 15, "Share-Based Compensation Plans," to the condensed consolidated financial statements for further detail on the performance share units.

(in thousands)	Three Months Ended	
	March 31,	
	2026	2025
Stock options	921	866
Restricted stock units	306	339
Performance share units	56	233

## Note 8. Inventories

The components of total inventories are summarized as follows:

(in millions)	March 31,	December 31,
	2026	2025
Finished goods	\$ 342	\$ 342
Work in process	109	100
Raw materials	540	541
Total inventories	\$ 991	\$ 983

## Note 9. Goodwill and Other Intangible Assets

### Goodwill

Changes in the carrying value of goodwill by reportable segment for the three months ended March 31, 2026 are as follows:

(in millions)	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services	Total
<b>Balance as of January 1, 2026</b>	<b>\$ 2,264</b>	<b>\$ 905</b>	<b>\$ 2,270</b>	<b>\$ 2,893</b>	<b>\$ 8,332</b>
<i>Activity in 2026</i>					
Acquisitions	—	—	—	(3)	(3)
Reclassification to assets held for sale	—	(2)	(1)	—	(3)
Foreign currency and other	(9)	(4)	(20)	(1)	(34)
<b>Balance as of March 31, 2026</b>	<b>\$ 2,255</b>	<b>\$ 899</b>	<b>\$ 2,249</b>	<b>\$ 2,889</b>	<b>\$ 8,292</b>

### Other Intangible Assets

Information regarding our other intangible assets is as follows:

(in millions)	March 31, 2026			December 31, 2025		
	Carrying Amount	Accumulated Amortization	Net Intangibles	Carrying Amount	Accumulated Amortization	Net Intangibles
Customer and distributor relationships	\$ 2,182	\$ (717)	\$ 1,465	\$ 2,180	\$ (688)	\$ 1,492
Proprietary technology and patents	427	(197)	230	430	(185)	245
Trademarks	182	(129)	53	183	(126)	57
Software (a)	640	(433)	207	644	(431)	213
Other	151	(60)	91	153	(56)	97
Indefinite-lived intangibles	167	—	167	168	—	168
<b>Other Intangibles</b>	<b>\$ 3,749</b>	<b>\$ (1,536)</b>	<b>\$ 2,213</b>	<b>\$ 3,758</b>	<b>\$ (1,486)</b>	<b>\$ 2,272</b>

(a) Includes capitalized software developed as a product or service offered directly to external customers. As of March 31, 2026 and December 31, 2025, we had net capitalized software used in sales and services to external customers of \$171 million and \$175 million, respectively.

Amortization expense related to finite-lived intangible assets was \$75 million and \$77 million for the three-month periods ended March 31, 2026 and 2025, respectively.

During the first quarter of 2025, we recognized \$1 million and \$3 million impairment charges for internally developed software within our Water Infrastructure and Water Solutions and Services segments, respectively.

## Note 10. Derivative Financial Instruments

### Risk Management Objective of Using Derivatives

We are exposed to certain risks arising from both our business operations and economic conditions, and we principally manage our exposures to these risks through management of our core business activities. Certain of our foreign operations expose us to fluctuations of foreign interest rates and exchange rates that may impact revenue, expenses, cash receipts, cash payments, and the value of our stockholders' equity. We enter into derivative financial instruments to protect the value or fix the amount of certain cash flows in terms of the functional currency of the business unit with that exposure and also reduce the volatility in stockholders' equity.

### **Cash Flow Hedges of Foreign Exchange Risk**

We are exposed to fluctuations in various foreign currencies against our functional currencies. We use foreign currency derivatives, including currency forward agreements, to manage our exposure to fluctuations in the various exchange rates. Currency forward agreements involve fixing the foreign currency exchange rate for delivery of a specified amount of foreign currency on a specified date.

Certain business units with exposure to foreign currency exchange risks have designated certain currency forward agreements as cash flow hedges of forecasted intercompany inventory purchases and sales. Our principal currency exposures for which we enter into cash flow hedges relate to the Euro, Swedish Krona, British Pound, Canadian Dollar, Polish Zloty, and Australian Dollar. We had foreign exchange contracts with purchased notional amounts totaling \$563 million and \$759 million as of March 31, 2026 and December 31, 2025, respectively. The most significant foreign currency derivatives are as follows:

(in millions)

Sell Currency	Buy Currency	Notional Value	
		March 31, 2026	December 31, 2025
USD	EUR	\$ 213	\$ 275
SEK	EUR	164	226
GBP	EUR	83	119
CAD	EUR	34	44
CAD	USD	27	37
PLN	EUR	22	33
AUD	EUR	20	25
		<u>\$ 563</u>	<u>\$ 759</u>

### **Hedges of Net Investments in Foreign Operations**

We are exposed to changes in foreign currencies impacting our net investments held in foreign subsidiaries.

#### *Cross-Currency Swaps*

We have foreign currency exposure in the Euro-U.S. Dollar and Chinese Yuan (CNY) -U.S. Dollar exchange rates, due to our net investment in foreign operations. We use cross-currency swaps to partially mitigate the impact of the foreign currency rate changes on the Company's net investments denominated in such foreign currencies. The Company's cross-currency swaps are designated as net investment hedges.

As of March 31, 2026, the total notional amount of derivative instruments designated as net investment hedges was \$4,359 million and \$3,171 million as of March 31, 2026 and December 31, 2025, respectively.

The table below presents the effect of our derivative financial instruments on the Condensed Consolidated Income Statements and Statements of Comprehensive Income. Items in the table below reflect changes in "Other comprehensive income (loss)" ("OCI/L") within the Statements of Comprehensive Income:

(in millions)	Three Months Ended	
	March 31,	
	2026	2025
<b>Derivatives in Cash Flow Hedges</b>		
<b>Foreign Exchange Contracts</b>		
Amount of (loss)/gain recognized in OCI/L	\$ (8)	\$ 15
Amount of (gain)/loss reclassified from OCI/L into Revenue	(3)	3
Amount of gain reclassified from OCI/L into Cost of revenue	(2)	(1)
<b>Derivatives Net Investment Hedges</b>		
<b>Cross-Currency Swaps</b>		
Amount of gain/(loss) recognized in OCI/L	\$ 70	\$ (84)
Amount of income recognized in Interest expense	13	11

As of March 31, 2026, \$3 million of net gains on cash flow hedges are expected to be reclassified into earnings in the next 12 months.

As of March 31, 2026, no gains or losses on the net investment hedges are expected to be reclassified into earnings over their duration.

The fair values of our derivative assets and liabilities are measured on a recurring basis using Level 2 inputs and are determined through the use of models that consider various assumptions including yield curves, time value and other measurements.

The fair values of our derivative contracts currently included in our hedging program were as follows:

(in millions)	March 31, 2026	December 31, 2025
<b>Derivatives designated as hedging instruments</b>		
<b>Assets</b>		
<i>Cash Flow Hedges</i>		
Prepaid and other current assets	\$ 3	\$ 7
<i>Net Investment Hedges</i>		
Other non-current assets	\$ 2	\$ —
<b>Liabilities</b>		
<i>Cash Flow Hedges</i>		
Accrued and other current liabilities	\$ (7)	\$ (2)
<i>Net Investment Hedges</i>		
Other non-current accrued liabilities	\$ (246)	\$ (317)

## Note 11. Current Liabilities

The components of total Accrued and other current liabilities are as follows:

(in millions)	March 31, 2026	December 31, 2025
Compensation and other employee-benefits	\$ 278	\$ 371
Customer-related liabilities	372	370
Accrued taxes	231	207
Lease liabilities	123	121
Accrued warranty costs	43	43
Accrued restructuring liabilities	26	34
Other accrued liabilities	109	91
Total accrued and other current liabilities	<u>\$ 1,182</u>	<u>\$ 1,237</u>

The Company facilitates the opportunity for suppliers to participate in voluntary supply chain financing programs with third-party financial institutions. Xylem agrees on commercial terms, including payment terms, with suppliers regardless of program participation. The Company does not determine the terms or conditions of the arrangement between suppliers and the third-party financial institutions. Participating suppliers are paid directly by the third-party financial institution. Xylem pays the third-party financial institution the stated amount of confirmed invoices from its designated suppliers at the original invoice amount on the original maturity dates of the invoices, ranging from 45 to 180 days. Xylem does not pay fees related to these programs. Xylem or the third-party financial institutions may terminate the agreements upon at least 30 days notice. The total outstanding balance presented within "Accounts payable" on our Condensed Consolidated Balance Sheets under these programs is \$234 million and \$244 million as of March 31, 2026 and December 31, 2025, respectively.

The table below provides changes in the confirmed obligations outstanding related to our supplier financing programs over the three months ended March 31, 2026:

(in millions)	2026
Confirmed obligations outstanding – January 1	\$ 244
Invoices confirmed	231
Confirmed invoices paid	(240)
Foreign currency and other	(1)
Confirmed obligations outstanding – March 31	<u>\$ 234</u>

## Note 12. Credit Facilities and Debt

Total debt outstanding is summarized as follows:

(in millions)	March 31, 2026	December 31, 2025
3.250% Senior Notes due 2026 (a)	\$ 500	\$ 500
1.950% Senior Notes due 2028 (a)	500	500
2.250% Senior Notes due 2031 (a)	500	500
4.375% Senior Notes due 2046 (a)	400	400
Equipment Financing due 2025 to 2032	25	27
Other	25	27
Debt issuance costs and unamortized discount (b)	(12)	(12)
Total debt	1,938	1,942
Less: short-term borrowings and current maturities of long-term debt	531	534
Total long-term debt	\$ 1,407	\$ 1,408

- (a) The fair value of our Senior Notes was determined using quoted prices in active markets for identical securities, which are considered Level 1 inputs. The fair value of our Senior Notes due 2026 was \$497 million and \$497 million as of March 31, 2026 and December 31, 2025, respectively. The fair value of our Senior Notes due 2028 was \$479 million and \$480 million as of March 31, 2026 and December 31, 2025, respectively. The fair value of our Senior Notes due 2031 was \$448 million and \$454 million as of March 31, 2026 and December 31, 2025, respectively. The fair value of our Senior Notes due 2046 was \$329 million and \$340 million as of March 31, 2026 and December 31, 2025, respectively.
- (b) The debt issuance costs and unamortized discount are recognized as a reduction in the carrying value of the Senior Notes in the Condensed Consolidated Balance Sheets and are being amortized to interest expense in our Condensed Consolidated Income Statements over the expected remaining terms of the Senior Notes.

### Senior Notes

On June 26, 2020, we issued 1.950% Senior Notes of \$500 million aggregate principal amount due January 2028 (the "Senior Notes due 2028") and 2.250% Senior Notes of \$500 million aggregate principal amount due January 2031 (the "Senior Notes due 2031" and, together with the Senior Notes due 2028, the "Green Bond").

The Green Bond includes covenants that restrict our ability, and the ability of our restricted subsidiaries, to incur debt secured by liens on certain property above a threshold, to engage in certain sale and leaseback transactions involving certain property above a threshold, and to consolidate or merge, or convey or transfer all or substantially all of our assets. We may redeem the Green Bond at any time, at our option, subject to certain conditions, at specified redemption prices, plus accrued and unpaid interest to the redemption date.

If a change of control triggering event (as defined in the applicable Green Bond indenture) occurs, we will be required to make an offer to purchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase.

Interest on the Green Bond is payable on January 30 and July 30 of each year. As of March 31, 2026, we are in compliance with all covenants for the Green Bond.

On October 11, 2016, we issued 3.250% Senior Notes of \$500 million aggregate principal amount due October 2026 (the "Senior Notes due 2026") and 4.375% Senior Notes of \$400 million aggregate principal amount due October 2046 (the "Senior Notes due 2046" and, together with the Senior Notes due 2026, the "Senior Notes").

The Senior Notes include covenants that restrict our ability, and the ability of our restricted subsidiaries, to incur debt secured by liens on certain property above a threshold, to engage in certain sale and leaseback transactions involving certain property above a threshold, and to consolidate or merge, or convey or transfer all or substantially all of our assets. We may redeem the Senior Notes, as applicable, in whole or in part, at any time at a redemption price equal to the principal amount of the Senior Notes to be redeemed, plus a make-whole premium. We may also redeem the Senior Notes in certain other circumstances, as set forth in the applicable Senior Notes indenture.

If a change of control triggering event (as defined in the applicable Senior Notes indenture) occurs, we will be required to make an offer to purchase the Senior Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase.

Interest on the Senior Notes due 2026 and the Senior Notes due 2046 is payable on May 1 and November 1 of each year. As of March 31, 2026, we are in compliance with all covenants for the Senior Notes.

### **Credit Facilities**

#### *2023 Five-Year Revolving Credit Facility*

On March 1, 2023, Xylem entered into a five-year revolving credit facility (the "2023 Credit Facility") with Citibank, N.A., as Administrative Agent, and a syndicate of lenders. The 2023 Credit Facility provides for an aggregate principal amount of up to \$1 billion (available in U.S. Dollars and in Euros), with increases of up to \$300 million for a maximum aggregate principal amount of \$1.3 billion at the request of Xylem and with the consent of the institutions providing such increased commitments.

Interest on all loans under the 2023 Credit Facility is payable either quarterly or at the expiration of any Term SOFR or EURIBOR interest period applicable thereto. Borrowings accrue interest at a rate equal to, at Xylem's election, a base rate or an adjusted Term SOFR or EURIBOR rate plus an applicable margin. The 2023 Credit Facility includes customary provisions for implementation of replacement rates for Term SOFR-based and EURIBOR-based loans. The 2023 Credit Facility also includes a pricing grid that determines the applicable margin based on Xylem's credit rating, with a further adjustment based on Xylem's achievement of certain Environmental, Social and Governance ("ESG") key performance indicators. Xylem will also pay quarterly fees to each lender for such lender's commitment to lend accruing on such commitment at a rate based on Xylem's credit rating, whether such commitment is used or unused, as well as a quarterly letter of credit fee accruing on the letter of credit exposure of such lender during the preceding quarter at a rate based on the credit rating of Xylem with a further adjustment based on Xylem's achievement of certain ESG key performance indicators.

The 2023 Credit Facility requires that Xylem maintain a consolidated total debt to consolidated EBITDA ratio (or maximum leverage ratio), which will be based on the last four fiscal quarters. In accordance with the terms of the agreement to the 2023 Credit Facility, Xylem may not exceed a maximum leverage ratio of 4.00 to 1.00 for a period of four consecutive fiscal quarters beginning with the fiscal quarter during which a material acquisition is consummated and a maximum leverage ratio of 3.50 to 1.00 thereafter for a minimum of four fiscal quarters before another material acquisition is consummated. In addition, the 2023 Credit Facility contains a number of customary covenants, including limitations on the incurrence of secured debt and debt of subsidiaries, liens, sale and lease-back transactions, mergers, consolidations, liquidations, dissolutions and sales of assets. The 2023 Credit Facility also contains customary events of default. Finally, Xylem has the ability to designate subsidiaries that can borrow under the 2023 Credit Facility, subject to certain requirements and conditions set forth in the 2023 Credit Facility. As of March 31, 2026, the 2023 Credit Facility was undrawn, and we are in compliance with all revolver covenants. The 2023 Credit Facility has availability of \$1 billion, comprised of the \$1 billion aggregate principal as of March 31, 2026.

As of March 31, 2026 the future maturities of our debt were as follows:

(in millions)	<b>Maturity</b>	
From April 1, 2026 through December 31, 2026	\$	530
2027		11
2028		508
2029		1
2030		—
Thereafter		900
<b>Total Future Maturities</b>		<b>1,950</b>
Debt issuance costs and unamortized discount (a)		(12)
<b>Total</b>	<b>\$</b>	<b>1,938</b>

(a) The debt issuance costs and unamortized discount is recognized as a reduction in the carrying value of the Senior Notes in the Consolidated Balance Sheets and is being amortized to interest expense in our Consolidated Income Statements over the expected remaining terms of the Senior Notes.

### **Commercial Paper**

#### *U.S. Dollar Commercial Paper Program*

Our U.S. Dollar commercial paper program generally serves as a means of short-term funding with a \$600 million maximum issuing balance and a combined limit of \$1 billion inclusive of the 2023 Credit Facility. As of March 31, 2026 and December 31, 2025, none of the Company's \$600 million U.S. Dollar commercial paper program was outstanding, respectively.

#### *Euro Commercial Paper Program*

On June 3, 2019, Xylem entered into a Euro commercial paper program with ING Bank N.V., as administrative agent, and a syndicate of dealers. The Euro commercial paper program provides for a maximum issuing balance of up to €500 million (approximately \$578 million USD) which may be denominated in a variety of currencies. The maximum issuing balance may be increased in accordance with the Dealer Agreement. As of March 31, 2026 and December 31, 2025, none of the Company's Euro commercial paper program was outstanding. We have the ability to continue borrowing under this program going forward in future periods.

### Note 13. Post-retirement Benefit Plans

The components of net periodic benefit cost for our defined benefit pension plans are as follows:

(in millions)	Three Months Ended	
	March 31,	
	2026	2025
<b>Domestic defined benefit pension plans:</b>		
Service cost	\$ —	\$ 1
Interest cost	1	1
Expected return on plan assets	(1)	(1)
Amortization of net actuarial loss	1	—
Net periodic benefit cost	\$ 1	\$ 1
<b>International defined benefit pension plans:</b>		
Service cost	\$ 2	\$ 2
Interest cost	5	4
Expected return on plan assets	(3)	(3)
Amortization of actuarial (gain)	\$ (2)	\$ —
Net periodic benefit cost	\$ 2	\$ 3
<b>Total net periodic benefit cost</b>	<b>\$ 3</b>	<b>\$ 4</b>

The components of net periodic benefit cost, other than the service cost component, are included in the line item "Other non-operating income, net" in the Condensed Consolidated Income Statements.

The total net periodic benefit cost for other post-retirement employee benefit plans was less than \$1 million, including net credits recognized into "Other comprehensive income (loss)" of less than \$1 million, for each of the three months ended March 31, 2026 and 2025, respectively.

We contributed \$6 million and \$5 million to our defined benefit plans for the three months ended March 31, 2026 and 2025, respectively. Additional contributions ranging between approximately \$17 million and \$21 million are expected to be made during the remainder of 2026.

## Note 14. Equity

The following table shows the changes in stockholders' equity for the three months ended March 31, 2026:

(in millions)	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-Controlling Interest	Total
Balance at January 1, 2026	\$ 3	\$ 8,759	\$ 3,706	\$ (220)	\$ (768)	\$ 11	\$ 11,491
Net income attributable to Xylem	—	—	193	—	—	—	193
Other comprehensive loss, net	—	—	—	(9)	—	(2)	(11)
Dividends declared (\$0.43 per share)	—	—	(105)	—	—	—	(105)
Stock incentive plan activity	—	13	—	—	(14)	—	(1)
Distributions to minority shareholder	—	—	—	—	—	(1)	(1)
Repurchase of common stock	—	—	—	—	(586)	—	(586)
<b>Balance at March 31, 2026</b>	<b>\$ 3</b>	<b>\$ 8,772</b>	<b>\$ 3,794</b>	<b>\$ (229)</b>	<b>\$ (1,368)</b>	<b>\$ 8</b>	<b>\$ 10,980</b>

The following table shows the changes in stockholders' equity for the three months ended March 31, 2025:

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-Controlling Interest	Total
Balance at January 1, 2025	\$ 3	\$ 8,687	\$ 3,140	\$ (435)	\$ (753)	\$ 5	\$ 10,647
Net income attributable to Xylem	—	—	169	—	—	—	169
Other comprehensive income, net	—	—	—	98	—	—	98
Other activity	—	—	—	—	—	1	1
Dividends declared (\$0.40 per share)	—	—	(98)	—	—	—	(98)
Stock incentive plan activity	—	18	—	—	(13)	—	5
<b>Balance at March 31, 2025</b>	<b>\$ 3</b>	<b>\$ 8,705</b>	<b>\$ 3,211</b>	<b>\$ (337)</b>	<b>\$ (766)</b>	<b>\$ 6</b>	<b>\$ 10,822</b>

## Note 15. Share-Based Compensation Plans

Share-based compensation expense was \$13 million and \$12 million during the three months ended March 31, 2026 and 2025, respectively. The unrecognized compensation expense related to our stock options, restricted stock units and performance share units was \$18 million, \$57 million and \$32 million, respectively, at March 31, 2026 and is expected to be recognized over a weighted average period of 2.4, 2.2 and 2.2 years, respectively. The amount of cash received from the exercise of stock options was less than \$1 million and \$6 million for the three months ended March 31, 2026 and 2025, respectively.

As of March 31, 2026, there were 4 million shares of common stock available for future awards.

### Stock Option Grants

The following is a summary of the changes in outstanding stock options for the three months ended March 31, 2026:

	Share units (in thousands)	Weighted Average Exercise Price / Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2026	1,142	\$ 95.75	6.4	\$ 46
Granted	277	128.98		
Exercised	(7)	45.33		
Forfeited and expired	(5)	127.87		
Other	(1)	129.67		
<b>Outstanding at March 31, 2026</b>	<b>1,406</b>	<b>\$ 102.41</b>	<b>6.9</b>	<b>\$ 29</b>
<b>Options exercisable at March 31, 2026</b>	<b>896</b>	<b>\$ 87.11</b>	<b>5.4</b>	<b>\$ 29</b>
<b>Vested and expected to vest as of March 31, 2026</b>	<b>1,326</b>	<b>\$ 100.80</b>	<b>6.6</b>	<b>\$ 29</b>

The total intrinsic value of options exercised (which is the amount by which the stock price exceeded the exercise price of the options on the date of exercise) during the three months ended March 31, 2026 was less than \$1 million.

### Stock Option Fair Value

The fair value of each option grant was estimated on the date of grant using the binomial lattice pricing model which incorporates multiple and variable assumptions over time, including employee exercise patterns, stock price volatility and changes in dividends. The following are weighted-average assumptions for 2026 grants:

Volatility	27.10 %
Risk-free interest rate	3.68 %
Dividend yield	1.33 %
Expected term (in years)	5.6
Weighted-average fair value / share	\$ 36.19

Expected volatility is calculated based on an analysis of historic volatility measures for Xylem. We use historical data to estimate option exercise and employee termination behavior within the valuation model. Employee groups and option characteristics are considered separately for valuation purposes. The expected term represents an estimate of the period of time options are expected to remain outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of option grant.

### Restricted Stock Unit Grants

Restricted stock units awarded to employees vest over a three-year period. Prior to the time a restricted stock unit becomes fully vested, the awardees cannot transfer, pledge or encumber such units. Prior to the time a restricted stock unit is fully vested, the awardees are not granted certain rights of a stockholder, such as the right to vote and receive dividends; however, dividends accrue during the vesting period and are paid upon vesting. If an employee leaves prior to vesting, whether through resignation or termination for cause, the restricted stock unit and related accrued dividends are forfeited. If an employee retires prior to vesting, a portion or the entirety of the restricted stock unit will vest in accordance with the terms of the applicable grant agreements. Restricted stock units awarded to members of our Board become fully vested upon the day prior to the next annual meeting. The fair value of the restricted stock unit awards is determined using the closing price of our common stock on date of grant.

The following is a summary of restricted stock unit activity for the three months ended March 31, 2026. The fair value of the restricted share unit awards is determined using the closing price of our common stock on date of grant:

	Share units (in thousands)	Weighted Average Grant Date Fair Value / Share
Outstanding at January 1, 2026	506	\$ 123.27
Granted	225	131.95
Vested	(224)	118.33
Forfeited	(8)	128.96
Other	(4)	123.64
<b>Outstanding at March 31, 2026</b>	<b>495</b>	<b>\$ 129.37</b>

### **Performance Share Unit Grants**

Performance share units awarded under the long-term incentive plan vest based upon performance by the Company over a three-year period against targets approved by the Leadership Development & Compensation Committee of the Company's Board of Directors prior to the grant date. The performance share units were each awarded at a target of 100% with actual payout for each type of grant contingent upon the achievement of performance targets as follows:

- EBITDA performance share units — a third-year adjusted EBITDA performance target
- TSR performance share units — a relative TSR performance target
- Revenue performance share units — a pre-set third year revenue target
- EPS performance share units — a cumulative three-year EPS performance target

The calculated compensation cost for EBITDA, Revenue and EPS performance share units is adjusted based on an estimate of awards ultimately expected to vest and our assessment of the probable outcome of the performance condition.

### **Adjusted EBITDA Performance Share Unit Grants**

The fair value of the adjusted EBITDA performance share units is determined using the closing share price on the date of the grant.

The following is a summary of our adjusted EBITDA grants for the three months ended March 31, 2026:

	Share units (in thousands)	Weighted Average Grant Date Fair Value / Share
Outstanding at January 1, 2026	47	\$ 113.89
Adjustment for Performance Condition Achieved (a)	18	100.50
Vested	(42)	100.50
<b>Outstanding at March 31, 2026</b>	<b>23</b>	<b>\$ 127.94</b>

(a) Represents an increase in the number of original EBITDA performance share units awarded based on the final market condition achievement at the end of the performance period of such awards.

### TSR Performance Share Unit Grants

The following is a summary of our Total Shareholder Return ("TSR") performance share unit grants for the three months ended March 31, 2026:

	Share units (in thousands)	Weighted Average Grant Date Fair Value / Share
Outstanding at January 1, 2026	146	\$ 157.41
Granted	61	109.38
Adjustment for Market Condition Achieved (a)	3	109.04
Vested	(51)	109.04
Forfeited	(1)	169.03
<b>Outstanding at March 31, 2026</b>	<b>158</b>	<b>\$ 153.46</b>

(a) Represents a decrease in the number of original TSR performance share units awarded based on the final market condition achievement at the end of the performance period of such awards.

The fair value of TSR performance share units was calculated on the date of grant using a Monte Carlo simulation model utilizing several key assumptions, including expected Company and peer company share price volatility, correlation coefficients between peers, the risk-free rate of return, the expected dividend yield and other award design features. The following are weighted-average assumptions for 2026 grants:

Volatility	<b>22.90 %</b>
Risk-free interest rate	<b>3.49 %</b>

### Revenue Performance Share Unit Grants

The fair value of the revenue performance share unit awards is determined using the closing price of our common stock on date of grant.

The following is a summary of our Revenue performance share unit grants for the three months ended March 31, 2026:

	Share units (in thousands)	Weighted Average Grant Date Fair Value / Share
Outstanding at January 1, 2026	47	\$ 113.89
Adjustment for Performance Condition Achieved (a)	5	100.50
Vested	(29)	100.50
<b>Outstanding at March 31, 2026</b>	<b>23</b>	<b>\$ 127.94</b>

(a) Represents an increase in the number of original revenue performance share units awarded based on the final market condition achievement at the end of the performance period of such awards.

### EPS Performance Share Unit Grants

The fair value of the earnings per share ("EPS") performance share unit awards is determined using the closing price of our common stock on date of grant.

The following is a summary of our EPS performance share unit grants for the three months ended March 31, 2026:

	Share units (in thousands)	Weighted Average Grant Date Fair Value / Share
Outstanding at January 1, 2026	52	\$ 129.82
Granted	62	131.95
Forfeited	(1)	129.67
<b>Outstanding at March 31, 2026</b>	<b>113</b>	<b>\$ 130.98</b>

### Note 16. Capital Stock

For the three months ended March 31, 2026 and March 31, 2025 the Company repurchased 4.8 million shares of common stock for \$595 million and less than 0.1 million shares of common stock for \$13 million, respectively. Repurchases may include share repurchase programs approved by the Board of Directors and repurchases in relation to settlement of employee tax withholding obligations due as a result of the vesting of restricted stock units. The details of repurchases by each program are as follows:

On August 24, 2015, our Board of Directors authorized the repurchase of up to \$500 million in shares with no expiration date. The program's objective is to deploy our capital in a manner that benefits our shareholders and maintains our focus on growth. For the three months ended March 31, 2026, the Company repurchased 1.4 million shares of common stock for \$182 million under this program. As of March 31, 2026 there is no additional capacity for share repurchases under this program.

On February 25, 2026, our Board of Directors authorized the repurchase of up to \$1.5 billion in shares with no expiration date. The program's objective is to deploy our capital in a manner that benefits our shareholders and maintains our focus on growth. For the three months ended March 31, 2026, the Company repurchased 3.3 million shares of common stock for \$399 million under this program, of which \$367 million was paid in cash, and \$32 million is accrued as of March 31, 2026. As of March 31, 2026 there are \$1.1 billion in additional shares that may still be repurchased under this program.

In relation to the aforementioned share repurchase programs, the Company has accrued a total of \$5 million in excise taxes as of March 31, 2026.

Aside from the aforementioned repurchase programs, we repurchased 0.1 million shares and less than 0.1 million shares for \$14 million and approximately \$13 million for the three months ended March 31, 2026 and 2025, respectively, in relation to settlement of employee tax withholding obligations due as a result of the vesting of restricted stock units.

## Note 17. Accumulated Other Comprehensive Loss

The following table provides the components of accumulated other comprehensive loss ("AOCL") for the three months ended March 31, 2026:

(in millions)	Foreign Currency Translation	Post-retirement Benefit Plans	Derivative Instruments	Total
Balance at January 1, 2026	\$ (191)	\$ (39)	\$ 10	\$ (220)
Foreign currency translation adjustment	16	—	—	16
Amount of currency translation adjustment relating to divestiture of foreign subsidiaries reclassified into net income	5	—	—	5
Tax on foreign currency translation adjustment	(18)	—	—	(18)
Amortization of actuarial loss on post-retirement benefit plans into other non-operating income, net	—	(1)	—	(1)
Unrealized loss on derivative hedge agreements	—	—	(8)	(8)
Tax on unrealized gain on derivative hedge agreements	—	—	2	2
Reclassification of unrealized gain on foreign exchange agreements into revenue	—	—	(3)	(3)
Reclassification of unrealized gain on foreign exchange agreements into cost of revenue	—	—	(2)	(2)
<b>Balance at March 31, 2026</b>	<b>\$ (188)</b>	<b>\$ (40)</b>	<b>\$ (1)</b>	<b>\$ (229)</b>

The following table provides the components of AOCL for the three months ended March 31, 2025:

(in millions)	Foreign Currency Translation	Post-retirement Benefit Plans	Derivative Instruments	Total
Balance at January 1, 2025	\$ (368)	\$ (53)	\$ (14)	\$ (435)
Foreign currency translation adjustment	56	—	—	56
Amount of currency translation adjustment relating to divestiture of foreign subsidiaries reclassified into net income	8	—	—	8
Tax on foreign currency translation adjustment	20	—	—	20
Foreign currency translation adjustment for post-retirement benefit plans	—	(1)	—	(1)
Unrealized gain on derivative hedge agreements	—	—	15	15
Tax on unrealized gain on derivative hedge agreements	—	—	(2)	(2)
Reclassification of unrealized loss on foreign exchange agreements into revenue	—	—	3	3
Reclassification of unrealized gain on foreign exchange agreements into cost of revenue	—	—	(1)	(1)
<b>Balance at March 31, 2025</b>	<b>\$ (284)</b>	<b>\$ (54)</b>	<b>\$ 1</b>	<b>\$ (337)</b>

## Note 18. Commitments and Contingencies

### Legal Proceedings

From time to time, we are involved in legal and regulatory proceedings that are incidental to the operation of our businesses (or the business operations of previously owned entities). These proceedings may seek remedies relating to matters including environmental, tax, intellectual property, acquisitions or divestitures, product liability, property damage, personal injury, privacy, employment, labor and pension, government investigations or contract issues and commercial or contractual disputes.

See Note 6, "Income Taxes," of our condensed consolidated financial statements for a description of a pending tax litigation matter.

Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of the particular claims, we do not believe it is reasonably possible that any asserted or unasserted legal claims or proceedings, individually or in aggregate, will have a material effect on the Company's financial position, results of operations, or cash flows.

We have estimated and accrued \$4 million as of March 31, 2026 and December 31, 2025 for these general legal matters.

### **Guarantees**

We obtain certain stand-by letters of credit, bank guarantees, surety bonds and insurance letters of credit from third-party financial institutions in the ordinary course of business when required under contracts or to satisfy insurance-related requirements. As of March 31, 2026 and December 31, 2025, the amount of surety bonds, bank guarantees, insurance letters of credit and stand-by letters of credit was \$899 million and \$822 million, respectively.

### **Environmental**

In the ordinary course of business, we are subject to federal, state, local, and foreign environmental laws and regulations. We are responsible, or are alleged to be responsible, for ongoing environmental investigation and remediation of sites in various countries. Our accrued environmental liabilities represent our best estimates related to the investigation and remediation of environmental media such as water, soil, soil vapor, air and structures at these sites, as well as related legal fees. Liabilities for these environmental expenditures are recorded on an undiscounted basis. We have estimated and accrued \$4 million as of March 31, 2026 and December 31, 2025 for environmental matters.

Given the complexities and uncertainties involved in on-going and future investigation and remediation projects, the process to estimate environmental remediation liabilities requires judgment. We believe the total amount accrued is reasonable based on existing facts and circumstances.

### **Warranties**

We warrant numerous products, the terms of which vary widely. In general, we warrant products against defects and specific non-performance. The table below provides changes in the combined current and non-current product warranty accruals over each period:

(in millions)	2026	2025
Warranty accrual – January 1	\$ 53	\$ 57
Net charges for product warranties in the period	7	10
Settlement of warranty claims	(7)	(8)
Foreign currency and other	—	1
Warranty accrual – March 31	<u>\$ 53</u>	<u>\$ 60</u>

## Note 19. Segment Information

Our business has four reportable segments: Water Infrastructure, Applied Water, Measurement and Control Solutions and Water Solutions and Services.

The Water Infrastructure segment focuses on the transportation and treatment of water, offering a range of products including water, wastewater and storm water pumps, controls and systems; treatment equipment: filtration and separation, disinfection, wastewater solutions for municipal and industrial applications.

The Applied Water segment serves many of the primary uses of water and focuses on the residential, commercial and industrial markets. The Applied Water segment's major products include pumps, valves, heat exchangers, controls and dispensing equipment.

The Measurement and Control Solutions segment focuses on developing advanced technology solutions that enable intelligent use and conservation of critical water and energy resources as well as analytical instrumentation used in the testing of water. The Measurement and Control Solutions segment's major products include smart metering, networked communications, measurement and control technologies, critical infrastructure technologies, software and services including cloud-based analytics, and remote monitoring and data management.

The Water Solutions and Services segment provides tailored services and solutions, in collaboration with customers, including on-demand water, outsourced water, recycle / reuse, pipeline services, specialty dewatering and emergency response service alternatives to improve operational reliability, performance and environmental compliance. Key offerings within this segment also include equipment systems for industrial needs (influent water, boiler feed water, ultrahigh purity, process water, wastewater treatment, and recycle / reuse), full-scale outsourcing of operations and maintenance, and municipal services, including odor and corrosion control services, as well as leak detection, condition assessment and asset management and pressure monitoring solutions.

Corporate and other consists of corporate office expenses including compensation, benefits, occupancy, depreciation, and other administrative costs, as well as charges related to certain matters that are managed at a corporate level and are not included in the business segments in evaluating performance or allocating resources. The accounting policies of each segment are the same as those described in the "Summary of Significant Accounting Policies" section of Note 1 in the 2025 Annual Report.

The chief operating decision maker ("CODM") for the Company is our President and Chief Executive Officer. The CODM uses segment operating income/(loss) as a primary factor in allocating resources to the segments. The CODM considers budget-to-actual variances on a quarterly basis for the profit measure to assess segment performance. Disaggregated asset information by segment is not provided to the CODM for review, therefore, such information is not presented.

The following tables contain financial information provided to the CODM for each reportable segment:

(in millions)	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services	Total
<b>Balance for the quarter ended March 31, 2026</b>					
Revenue	\$ 603	\$ 448	\$ 508	\$ 566	\$ 2,125
Less:					
Adjusted cost of revenue (a)	333	285	317	366	
Adjusted operating expenses (a)	153	84	108	117	
Other segment items (b)	41	2	26	27	
Segment operating income	\$ 76	\$ 77	\$ 57	\$ 56	\$ 266
<b>Reconciliation of segment operating income</b>					
Corporate and other operating (loss)					(22)
Interest expense					(4)
Gain on sale of businesses					4
Income before income taxes					<u>\$ 244</u>

(in millions)	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services	Total
Balance for quarter end ended March 31, 2025					
Revenue	\$ 581	\$ 435	\$ 490	\$ 563	\$ 2,069
Less:					
Adjusted cost of revenue (a)	329	279	302	370	
Adjusted operating expenses (a)	145	79	106	115	
Other segment items (b)	27	5	26	34	
Segment operating income	\$ 80	\$ 72	\$ 56	\$ 44	\$ 252
<b>Reconciliation of segment operating income</b>					
Corporate and other operating (loss)					(21)
Interest expense					(8)
Other non-operating income, net					4
Loss on sale of businesses					(10)
Income before income taxes					\$ 217

(a) Adjusted cost of revenue and adjusted operating expenses represent segment-level information that are regularly provided to the CODM. These balances represent cost of revenue and operating expenses, respectively, adjusted to exclude purchase accounting intangible amortization, restructuring and realignment expenses and special charges.

(b) Other segment items for each segment represents purchase accounting intangible amortization, restructuring and realignment expenses and special charges, which are excluded from the above significant expense categories regularly provided to the CODM in line with our adjusted measures as outlined in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2025 Annual Report.

(in millions)	Three Months Ended March 31,	
	2026	2025
<b>Depreciation and Amortization:</b>		
Water Infrastructure	\$ 26	\$ 23
Applied Water	8	8
Measurement and Control Solutions	40	39
Water Solutions and Services	65	68
Corporate and other	1	7
Total	\$ 140	\$ 145
<b>Capital Expenditures:</b>		
Water Infrastructure	\$ 10	\$ 11
Applied Water	4	9
Measurement and Control Solutions	15	16
Water Solutions and Services	45	20
Centralized support facilities (a)	14	7
Corporate and other	2	8
Total	\$ 90	\$ 71

(a) Represents capital expenditures incurred by the centralized support facilities that are not allocated to the segments.

**Note 20. Redeemable Non-Controlling Interest**

The holders of the non-controlling interest in Idrica, a consolidated subsidiary of the Company, have a right to sell the remaining equity interest in Idrica to the Company for cash (the "Put Right"). The Put Right is exercisable after December 10, 2027 and has a fixed strike price of €168 million during the first two years after it is exercisable. Beginning in the third year of exercisability, the Put Right is exercisable at the fair market value of underlying equity interests. Redeemable non-controlling interest is reflected in the consolidated balance sheets at the greater of the carrying value or the redemption value. As of March 31, 2026, the redeemable non-controlling interest is reflected in the consolidated balance sheet at its carrying value.

The following table shows the changes in the redeemable non-controlling interest for the three months ended March 31, 2026 and March 31, 2025:

(in millions)	2026		2025	
<b>Redeemable non-controlling interest - January 1</b>	<b>\$</b>	<b>258</b>	<b>\$</b>	<b>235</b>
Net loss attributable to non-controlling interest		(4)		(3)
Cumulative Translation adjustment		(5)		—
<b>Redeemable non-controlling interest - March 31</b>	<b>\$</b>	<b>249</b>	<b>\$</b>	<b>232</b>

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion should be read in conjunction with the condensed consolidated financial statements, including the notes, included elsewhere in this report on Form 10-Q (this "Report").*

*This Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Generally, the words "anticipate," "estimate," "expect," "project," "intend," "plan," "contemplate," "predict," "forecast," "likely," "believe," "target," "goal," "objective," "will," "could," "would," "should," "potential," "may" and similar expressions or their negative, may, but are not necessary to, identify forward-looking statements. By their nature, forward-looking statements address uncertain matters and include any statements that: are not historical, such as statements about our strategy, financial plans, outlook, objectives, plans, intentions or goals (including those related to our social, environmental and other sustainability goals); or address possible or future results of operations or financial performance, including statements relating to orders, revenues, operating margins and earnings per share growth.*

*Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include, among others, the following: the impact of overall industry and general economic conditions, including industrial, governmental, and public and private sector spending, interest rates, availability of funding to our customers, inflation and governments' related monetary policy in response, and the strength of the real estate markets, on economic activity and our operations; geopolitical matters, including nationalism, protectionism and anti-global sentiment, volatility involving the U.S. and other governments, ongoing, escalation or outbreak of international conflicts, and regulatory, trade protection, economic and other risks associated with our global sales and operations; manufacturing and operating cost increases due to macroeconomic conditions, including inflation, energy supply, supply chain shortages, logistics challenges, labor shortages, trade agreements, tariffs, and other trade protection measures, and other factors; demand for our products, disruption, competition or pricing pressures in the markets we serve; cybersecurity incidents, data breaches, or other disruptions of information technology systems on which we or our customers rely, or involving our connected products and services; lack of availability or delays in receiving parts and raw materials from our supply chain, including semiconductors or other key components; operational disruptions at our facilities or that of third parties upon which we rely; safe and compliant treatment and handling of water, wastewater and hazardous materials; failure to successfully execute large projects, including as respects performance guarantees and customers' budgets, timelines and safety requirements; our ability to retain, compete for, and attract leadership, other key talent, and labor; defects, security, warranty and liability claims, and recalls related to our products; uncertainty around productivity, simplification, restructuring and realignment actions and related costs and savings; our ability to execute strategic investments for growth, including acquisitions and divestitures; availability, regulation or interference with radio spectrum used by certain of our products; volatility in served markets or impacts on our business and operations due to weather conditions, volatile weather events, or changing climate patterns; risks related to our sustainability efforts and related disclosures; fluctuations in foreign currency exchange rates; difficulty predicting our financial results; risk of future impairments to goodwill and other intangible assets; changes in our effective tax rates or tax expenses; failure to comply with, or changes in, laws or regulations, pertaining to our business conduct, operations, products and services, including anti-corruption, artificial intelligence, data privacy and security, trade, competition, the environment, and health and safety; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; matters related to intellectual property infringement or expiration of rights; and other factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025 ("2025 Annual Report") and in subsequent filings we make with the Securities and Exchange Commission ("SEC").*

*Forward-looking and other statements in this Report regarding our environmental and other sustainability plans and goals are not an indication that these statements are necessarily material to investors, to our business, operating results, financial condition, outlook, or strategy, to our impacts on sustainability matters or other parties, or are required to be disclosed in our filings with the SEC or other regulatory authorities, and are not intended to create legal rights or obligations. In addition, historical, current, and forward-looking social, environmental and sustainability-related statements may be based on: standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.*

*All forward-looking statements made herein are based on information currently available to us as of the date of this Report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

## **Overview**

Xylem is a leading global water technology company. We design, manufacture and service highly engineered products and solutions ranging across a wide variety of critical applications in utility, industrial, residential and commercial building services settings. Our broad portfolio of solutions addresses customer needs across the water cycle, from the delivery, measurement and use of drinking water to the collection, test, treatment and analysis of wastewater, to the return of water to the environment. Our product and service offerings are organized into four reportable segments that are aligned around the critical market applications they provide: Water Infrastructure, Applied Water, Measurement and Control Solutions and Water Solutions and Services.

- *Water Infrastructure* serves the water infrastructure sector with pump systems that transport water from aquifers, lakes, rivers and seas; with filtration, ultraviolet and ozone systems that provide treatment, making the water fit to use; and pumping solutions that move the wastewater and storm water to treatment facilities where our mixers, biological treatment, monitoring and control systems provide the primary functions in the treatment process.
- *Applied Water* serves the water usage applications sector with water pressure boosting systems for heating, ventilation and air conditioning, and for fire protection systems to the residential and commercial building solutions markets.
- *Measurement and Control Solutions* primarily serves the utility infrastructure solutions and services sector by delivering communications, smart metering, measurement and control capabilities and critical infrastructure technologies that allow customers to more effectively use their distribution networks for the delivery, monitoring and control of critical resources such as water, electricity and natural gas. We also provide analytical instrumentation used to measure and analyze water quality, flow and level in clean water, wastewater and outdoor water environments.
- *Water Solutions and Services* provides tailored services and solutions, in collaboration with customers, including on-demand water, outsourced water, recycle/reuse, pipeline assessment services, specialty dewatering and emergency response service alternatives to improve operational reliability, performance and environmental compliance.

## **Executive Summary**

Xylem reported revenue for the first quarter of 2026 of \$2,125 million, an increase of 2.7% compared to \$2,069 million reported in the first quarter of 2025. The revenue increase consisted primarily of favorable foreign currency impacts of \$65 million, or 3.1%, partially offset by slight organic declines of \$9 million, or 0.4%.

Additional financial highlights for the quarter ended March 31, 2026 include the following:

- Orders of \$2,228 million, up 3.2% from \$2,158 million in the prior year period, and down 0.3% on an organic basis.
- Earnings per share of \$0.79, up 14.5% compared to prior year (\$1.12, up 8.7% versus prior year, on an adjusted basis).
- Net income attributable to Xylem as a percent of revenue of 9.1%, up 90 basis points compared to 8.2% in the prior year. Adjusted EBITDA margin of 20.6%, up 20 basis points when compared to 20.4% in the prior year.

## Key Performance Indicators and Non-GAAP Measures

Management reviews key performance indicators including revenue, gross margins, segment operating income and margins, orders growth, working capital and backlog, among others. In addition, we consider certain non-GAAP (or "adjusted") measures to be useful to management and investors evaluating our operating performance for the periods presented, and to provide a tool for evaluating our ongoing operations, liquidity and management of assets. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including, but not limited to, dividends, acquisitions, share repurchases and debt repayment. Excluding revenue, Xylem provides guidance only on a non-GAAP basis due to the inherent difficulty in forecasting certain amounts that would be included in GAAP earnings, such as discrete tax items, without unreasonable effort. These adjusted metrics are consistent with how management views our business and are used to make financial, operating and planning decisions. These metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for revenue, operating income, net income, earnings per share (basic and diluted) or net cash from operating activities as determined in accordance with GAAP. We consider the following non-GAAP measures to be key performance indicators, as well as the related reconciling items to the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

- "organic revenue" and "organic orders" defined as revenue and orders, respectively, excluding the impact of fluctuations in foreign currency translation and contributions from acquisitions and divestitures. Divestitures include sales or discontinuance of insignificant portions of our business that did not meet the criteria for classification as a discontinued operation. The period-over-period change resulting from foreign currency translation impacts is determined by translating current period and prior period activity using the same currency conversion rate.
- "adjusted net income" and "adjusted earnings per share" defined as net income attributable to Xylem and corresponding earnings per share, respectively, adjusted to exclude restructuring and realignment costs, amortization of acquired intangible assets, gain or loss from sale of businesses, special charges and tax-related special items, as applicable. A reconciliation of adjusted net income and adjusted earnings per share is provided below.

(in millions, except for per share data)	Three Months Ended March 31,			
	2026		2025	
<b>Net income attributable to Xylem &amp; Earnings per share</b>	<b>\$ 193</b>	<b>\$ 0.79</b>	<b>\$ 169</b>	<b>\$ 0.69</b>
Restructuring and realignment	38	0.16	27	0.11
Acquired intangible amortization	55	0.23	55	0.23
Special charges	10	0.04	12	0.05
Tax-related special items	1	—	—	—
(Gain) loss from sale of businesses	(4)	(0.02)	10	0.04
Tax effects of adjustments (a)	(21)	(0.08)	(22)	(0.09)
<b>Adjusted net income &amp; Adjusted earnings per share</b>	<b>\$ 272</b>	<b>\$ 1.12</b>	<b>\$ 251</b>	<b>\$ 1.03</b>
<b>Weighted average number of shares - diluted</b>	<b>243.4</b>		<b>243.8</b>	

(a) The tax effects of adjustments are calculated using the statutory tax rate, taking into consideration the nature of the item and the relevant taxing jurisdiction.

- "adjusted operating income" defined as operating income, adjusted to exclude restructuring and realignment costs, amortization of acquired intangible assets, gain or loss from sale of businesses, special charges and tax-related special items, as applicable, and "adjusted operating margin" defined as adjusted operating income divided by total revenue.
- "EBITDA" defined as earnings before interest, taxes, depreciation and amortization expense, "EBITDA margin" defined as EBITDA divided by total revenue, "adjusted EBITDA" reflects the adjustments to EBITDA to exclude share-based compensation charges, restructuring and realignment costs, gain or loss

from sale of businesses and special charges, and "adjusted EBITDA margin" defined as adjusted EBITDA divided by total revenue.

- "realignment costs" defined as costs not included in restructuring costs that are incurred as part of actions taken to reposition our business, including items such as professional fees, severance, relocation, travel, facility set-up and other costs.
- "special charges" defined as non-recurring costs incurred by the Company, such as those related to acquisitions and integrations, divestitures, non-cash impairment charges and other non-cash special charges.
- "tax-related special items" defined as tax items, such as tax return versus tax provision adjustments, tax exam impacts, tax law change impacts, excess tax benefits/losses and other discrete tax adjustments.
- "free cash flow" defined as net cash from operating activities, as reported in the Statement of Cash Flows, less capital expenditures. Our definition of "free cash flow" does not consider certain non-discretionary cash payments, such as debt. The following table provides a reconciliation of free cash flow.

(in millions)	Three Months Ended March 31,	
	2026	2025
<b>Net cash provided by operating activities</b>	<b>\$ 108</b>	<b>\$ 33</b>
Capital expenditures	(90)	(71)
<b>Free cash flow</b>	<b>\$ 18</b>	<b>\$ (38)</b>
<b>Net cash used in investing activities</b>	<b>\$ (76)</b>	<b>\$ (15)</b>
<b>Net cash used by financing activities</b>	<b>\$ (683)</b>	<b>\$ (116)</b>

## Results of Operations

(in millions)	Three Months Ended March 31,		
	2026	2025	Change
Revenue	\$ 2,125	\$ 2,069	2.7 %
Gross profit	803	768	4.6 %
<i>Gross margin</i>	<b>37.8 %</b>	37.1 %	70 bp
Total operating expenses	559	537	4.1 %
<i>Expense to revenue ratio</i>	<b>26.3 %</b>	26.0 %	30 bp
Operating income	244	231	5.6 %
<i>Operating margin</i>	<b>11.5 %</b>	11.2 %	30 bp
Interest and other non-operating expense, net	(4)	(4)	— %
Gain/(Loss) on sale of businesses	4	(10)	(140.0) %
Income tax expense	(55)	(50)	10.0 %
<i>Tax rate</i>	<b>22.3 %</b>	23.1 %	(80) bp
Net income	\$ 189	\$ 167	13.2 %
Net loss attributable to non-controlling interest	4	2	100.0 %
Net income attributable to Xylem	\$ 193	\$ 169	14.2 %

NM - Not meaningful change

## Revenue

Revenue generated during the three months ended March 31, 2026 and 2025 was \$2,125 million and \$2,069 million, respectively, reflecting an increase of \$56 million, or 2.7%, compared to the prior year. Organic revenue decreased \$9 million, or 0.4% for the three months ended March 31, 2026. Foreign currency translation had a favorable impact on revenue of \$65 million for the three months ended March 31, 2026. The net increase in revenue from acquisitions of \$5 million was offset by a corresponding loss of revenue from divestitures for the three months ended March 31, 2026. The decrease in organic revenue for the three months ended March 31, 2026 is primarily due to reduced capital project revenue in the U.S. in our Water Solutions and Services segment, and reduced backlog execution due to lower opening backlog in western Europe across multiple segments. Organic declines were partially offset by modest organic growth in our Measurement and Control Solutions segment where U.S. energy growth outpaced declines in water.

The following table illustrates the impact from organic growth, recent acquisitions and divestitures, and foreign currency translation in relation to revenue during the three months ended March 31, 2026:

(in millions)	Water Infrastructure		Applied Water		Measurement and Control Solutions		Water Solutions and Services		Total Xylem	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
2025 Revenue	\$ 581		\$ 435		\$ 490		\$ 563		\$ 2,069	
Organic Growth	(5)	(0.9)%	(1)	(0.2)%	7	1.4 %	(10)	(1.8)%	(9)	(0.4)%
Acquisitions	3	0.5 %	—	— %	—	— %	2	0.4 %	5	0.2 %
Divestitures	(5)	(0.9)%	—	— %	—	— %	—	— %	(5)	(0.2)%
Foreign currency translation (a)	29	5.1 %	14	3.2 %	11	2.3 %	11	1.9 %	65	3.1 %
Total change in revenue	22	3.8 %	13	3.0 %	18	3.7 %	3	0.5 %	56	2.7 %
2026 Revenue	<u>\$ 603</u>		<u>\$ 448</u>		<u>\$ 508</u>		<u>\$ 566</u>		<u>\$ 2,125</u>	

(a) Foreign currency translation impact for the year due to the strengthening in value of various currencies against the U.S. Dollar, the largest being the Euro, British Pound, Australian Dollar and the Canadian Dollar.

### Water Infrastructure

Water Infrastructure revenue increased \$22 million, or 3.8%, for the first quarter of 2026 as compared to the prior year. Revenue growth for the quarter included \$29 million of favorable impacts from foreign currency translation partially offset by organic revenue declines of \$5 million, or 0.9%, and the net impact of a loss of \$5 million of revenue from divestitures and additional revenue of \$3 million from acquisitions. Revenue in the treatment application declined \$8 million organically. Organic declines in the treatment application were driven by unfavorable order volume and strong prior year project revenue in the emerging markets, and reduced backlog execution in western Europe, partially offset by favorable timing of capital projects in the U.S. Organic revenue declines in the treatment application were partially offset by organic revenue growth in the transport application of \$3 million, driven by backlog execution and price realization in the U.S., partially offset by unfavorable sales volume in western Europe and project timing in the emerging markets.

### Applied Water

Applied Water revenue increased \$13 million, or 3.0% for the first quarter of 2026 as compared to the prior year. Revenue growth for the quarter included \$14 million of favorable foreign currency translation partially offset by organic revenue declines of \$1 million, or 0.2%. Revenue in the industrial application declined by \$8 million organically, primarily due to order softness in western Europe and the emerging markets, partially offset by favorable price realization in the U.S. These declines were partially offset by organic growth of \$7 million from building solutions, primarily due to commercial backlog execution in the U.S., partially offset by residential softness in the emerging markets.

### Measurement and Control Solutions

Measurement and Control Solutions revenue increased \$18 million, or 3.7%, for the first quarter of 2026 as compared to the prior year. The revenue growth was driven \$11 million of favorable foreign currency translation and organic growth of \$7 million, or 1.4%. Organic revenue growth during the quarter was driven by \$7 million from the smart metering and other applications, driven by strong backlog execution and price realization in energy in the U.S. partially offset by declines in the U.S. in water with lower shippable backlog coming into the year and unfavorable sales volume in energy in Canada. Organic revenue growth in the analytics application was essentially flat year over year.

### Water Solutions and Services

Water Solutions and Services revenue increased \$3 million, or 0.5%, for the first quarter of 2026 as compared to the prior year. The revenue growth was primarily driven by \$11 million of favorable impacts from foreign currency translation and \$2 million of acquisition activity, partially offset by organic revenue declines of \$10 million, or 1.8%. Revenue in the capital and other applications declined by \$14 million organically, primarily due to reduced capital project revenue and sales volume in the U.S., partially offset by sales volume in the emerging markets. Organic revenue from the service application increased by \$4 million due to rental price realization and sales volume in dewatering in the U.S.

### Orders / Backlog

#### Orders

An order represents a legally enforceable, written document that includes the scope of work or services to be performed or equipment to be supplied to a customer, the corresponding price and the expected delivery date for the applicable products or services to be provided. An order often takes the form of a customer purchase order or a signed quote from a Xylem business.

The following tables illustrate the impact from organic decline/growth, recent acquisitions and divestitures, and foreign currency translation in relation to orders during the three months ended March 31, 2026:

(in millions)	Water Infrastructure		Applied Water		Measurement and Control Solutions		Water Solutions and Services		Total Xylem	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
2025 Orders	\$ 626		\$ 486		\$ 402		\$ 644		\$ 2,158	
Organic Impact	14	2.3 %	11	2.3 %	62	15.4 %	(94)	(14.6)%	(7)	(0.3)%
Acquisitions	8	1.3 %	—	— %	—	— %	4	0.6 %	12	0.6 %
Divestitures	(5)	(0.8)%	—	— %	—	— %	—	— %	(5)	(0.2)%
Foreign currency translation (a)	32	5.0 %	15	3.0 %	11	2.8 %	12	1.9 %	70	3.1 %
Total change in orders	49	7.8 %	26	5.3 %	73	18.2 %	(78)	(12.1)%	70	3.2 %
2026 Orders	\$ 675		\$ 512		\$ 475		\$ 566		\$ 2,228	

(a) Foreign currency translation impact for the year due to the strengthening in value of various currencies against the U.S. Dollar, the largest being the Euro, British Pound, Australian Dollar and the Canadian Dollar.

## Backlog

Backlog includes orders on hand as well as contractual customer agreements at the end of the period. Delivery schedules vary from customer to customer based on their requirements. Annual or multi-year contracts are subject to rescheduling and cancellation by customers due to the long-term nature of the contracts. As such, beginning total backlog, plus orders, minus revenues, will not equal ending total backlog due to contract adjustments, foreign currency fluctuations, and other factors. Typically, capital projects require longer lead production cycles and deployment schedules and delays occur from time to time. Total backlog was \$4,712 million at March 31, 2026, a decrease of \$383 million, or 7.5%, as compared to March 31, 2025 backlog of \$5,095 million. The decrease in backlog was driven by increased revenue outpacing order intake and contract wins in the current period, partially offset by favorable impacts from foreign currency translation. The backlog decrease was led by the Measurement and Control Solutions and Water Solutions and Services segments due to strong backlog execution and improved lead times. These backlog declines were partially offset by backlog growth in the Water Infrastructure and Applied Water segments primarily due to orders and contract wins outpacing revenue, and favorable foreign currency impacts. Backlog increased \$97 million, or 2.1%, at March 31, 2026, as compared to December 31, 2025 backlog of \$4,615 million. We anticipate that approximately 60% of the backlog as of March 31, 2026 will be recognized as revenue in the remainder of 2026. There were no significant order cancellations during the quarter.

## Gross Margin

Gross margin as a percentage of revenue increased 70 basis points to 37.8% for the three months ended March 31, 2026, as compared to 37.1% for the three months ended March 31, 2025. The gross margin increase was partially offset by net unfavorable impacts of 10 basis points from increases in restructuring and realignment costs, flat special charges, and decreased acquired intangible amortization and special charges as compared to the prior year. Gross margin expansion was driven by 460 basis points of favorable operational impacts, led by 310 basis points of productivity savings and 110 basis points of price realization. These increases in gross margin were partially offset by 380 basis points of unfavorable operational impacts driven by 240 basis points of inflation and 120 basis points of unfavorable mix.

## Operating Expenses

The following table presents operating expenses for the three months ended March 31, 2026 and 2025:

(in millions)	Three Months Ended		
	March 31,		
	2026	2025	Change
Selling, general and administrative expenses	\$ 472	\$ 460	2.6 %
SG&A as a % of revenue	22.2 %	22.2 %	— bp
Research and development expenses	56	56	— %
R&D as a % of revenue	2.6 %	2.7 %	(10) bp
Restructuring and asset impairment charges	31	21	47.6 %
Operating expenses	\$ 559	\$ 537	4.1 %
Expense to revenue ratio	26.3 %	26.0 %	30 bp

## Selling, General and Administrative ("SG&A") Expenses

SG&A expenses increased by \$12 million to \$472 million, or 22.2% of revenue, in the first quarter of 2026, as compared to \$460 million, or 22.2% of revenue, in the comparable 2025 period. The increase in SG&A in the first quarter of 2026 as compared to the prior year was driven by unfavorable currency impacts, inflation, and increased spending on strategic investments, partially offset by productivity savings, and lower realignment and special charges.

## Research and Development ("R&D") Expenses

R&D expense was \$56 million, or 2.6% of revenue, in the first quarter of 2026, as compared to \$56 million, or 2.7% of revenue, in the first quarter of 2025. R&D expense was fairly consistent year over year and in line with planned spending in this area.

## **Restructuring and Asset Impairment Charges**

### **Restructuring**

From time to time, the Company incurs costs related to restructuring actions undertaken to optimize its cost base and improve its strategic positioning. During the three months ended March 31, 2026 and 2025, we incurred restructuring charges of \$31 million and \$17 million, respectively.

There were no actions commenced in the three months ended March 31, 2026. Actions commenced in 2025 were primarily related to simplification actions, informed by 80/20 principles, to streamline the organization and better serve our customers. We currently expect to incur between \$40 and \$55 million in restructuring costs for the full year.

Refer to Note 5, "Restructuring and Asset Impairment Charges" for more information.

### **Asset Impairment**

Refer to Note 9, "Goodwill and Other Intangible Assets" for more information on intangible asset impairment charges incurred during the three months ended March 31, 2026 and March 31, 2025.

### **Operating Income, Net Income, and Adjusted EBITDA**

Operating income was \$244 million (operating margin of 11.5%) during the first quarter of 2026, an increase of \$13 million, or 5.6%, when compared to operating income of \$231 million (operating margin of 11.2%) during the prior year. Operating margin increased 30 basis points. Operating margin expansion was partially offset by 10 basis points of net unfavorable impacts from increased restructuring and realignment costs, flat acquired intangible amortization and decreased special charges relative to the prior year period. Additionally, operating margin expansion included 610 basis points of favorable operational impacts driven by 430 basis points of productivity savings and 150 basis points of price realization. These favorable impacts were partially offset by 570 basis points of unfavorable operational impacts, consisting of 300 basis points of inflation, 120 basis points of unfavorable mix, 100 basis points of decreased volume, and 50 basis points of increased spending on strategic investments. Excluding restructuring and realignment costs, acquired intangible asset amortization, and special charges, adjusted operating income was \$342 million (adjusted operating margin of 16.1%) for the first quarter of 2026 as compared to adjusted operating income of \$325 million (adjusted operating margin of 15.7%) during the comparable quarter in the prior year.

Net income attributable to Xylem for the first quarter was \$193 million (net income margin of 9.1%), an increase of \$24 million as compared to net income attributable to Xylem in the prior year of \$169 million (net income margin of 8.2%). The increase in net income attributable to Xylem was driven by increased operating income of \$13 million, \$14 million of decreased loss on sale of businesses, decreased interest expense of \$4 million, and an increase in the net loss attributable to non-controlling interest of \$2 million, partially offset by increased income tax expense of \$5 million and decreased non-operating income of \$4 million.

Adjusted EBITDA was \$437 million (adjusted EBITDA margin of 20.6%) during the first quarter of 2026, an increase of \$14 million, or 3.0%, when compared to adjusted EBITDA of \$423 million (adjusted EBITDA margin of 20.4%) during the comparable quarter in the prior year, an increase to adjusted EBITDA margin of 20 basis points. The increase in adjusted EBITDA margin was primarily driven by the same factors impacting the adjusted operating margin increase.

The table below provides a reconciliation of the total and each segment's operating income to adjusted operating income, and a calculation of the corresponding adjusted operating margin:

(in millions)	Three Months Ended		
	2026	2025	Change
<b>Water Infrastructure</b>			
Operating income	\$ 76	\$ 80	(5.0) %
Operating margin	12.6 %	13.8 %	(120) bp
Restructuring and realignment costs	30	15	100.0 %
Purchase accounting intangible amortization	11	10	10.0 %
Special charges	—	2	(100.0) %
Adjusted operating income	\$ 117	\$ 107	9.3 %
Adjusted operating margin	19.4 %	18.4 %	100 bp
<b>Applied Water</b>			
Operating income	\$ 77	\$ 72	6.9 %
Operating margin	17.2 %	16.6 %	60 bp
Restructuring and realignment costs	2	5	(60.0) %
Adjusted operating income	\$ 79	\$ 77	2.6 %
Adjusted operating margin	17.6 %	17.7 %	(10) bp
<b>Measurement and Control Solutions</b>			
Operating income	\$ 57	\$ 56	1.8 %
Operating margin	11.2 %	11.4 %	(20) bp
Restructuring and realignment costs	4	3	33.3 %
Purchase accounting intangible amortization	19	19	— %
Special charges	3	4	(25.0) %
Adjusted operating income	\$ 83	\$ 82	1.2 %
Adjusted operating margin	16.3 %	16.7 %	(40) bp
<b>Water Solutions and Services</b>			
Operating income	\$ 56	\$ 44	27.3 %
Operating margin	9.9 %	7.8 %	210 bp
Restructuring and realignment costs	2	4	(50.0) %
Purchase accounting intangible amortization	25	26	(3.8) %
Special charges	—	4	(100.0) %
Adjusted operating income	\$ 83	\$ 78	6.4 %
Adjusted operating margin	14.7 %	13.9 %	80 bp
<b>Corporate and other</b>			
Operating loss	\$ (22)	\$ (21)	4.8 %
Special charges	2	2	— %
Adjusted operating loss	\$ (20)	\$ (19)	5.3 %
<b>Total Xylem</b>			
Operating income	\$ 244	\$ 231	5.6 %
Operating margin	11.5 %	11.2 %	30 bp
Restructuring and realignment costs	38	27	40.7 %
Purchase accounting intangible amortization	55	55	— %
Special charges	5	12	(58.3) %
Adjusted operating income	\$ 342	\$ 325	5.2 %
Adjusted operating margin	16.1 %	15.7 %	40 bp

NM - Not meaningful percentage change

The table below provides a reconciliation of net income to consolidated EBITDA and adjusted EBITDA:

(in millions)	Three Months Ended March 31		
	2026	2025	Change
	<b>Net Income attributable to Xylem</b>	\$ 193	\$ 169
<b>Net Income margin</b>	9.1 %	8.2 %	90 bp
Depreciation	65	68	(4) %
Amortization	75	77	(3) %
Interest (income) expense, net	(4)	—	NM
Income tax expense	55	50	10 %
<b>EBITDA</b>	<b>\$ 384</b>	<b>\$ 364</b>	<b>5 %</b>
Share-based compensation	13	12	8 %
Restructuring & realignment	38	27	41 %
Special charges	10	12	(17) %
(Gain) loss on sale of businesses	(4)	10	(140) %
Loss attributable to non-controlling interests	(4)	(2)	100 %
<b>Adjusted EBITDA</b>	<b>\$ 437</b>	<b>\$ 423</b>	<b>3 %</b>
<b>Adjusted EBITDA margin</b>	<b>20.6 %</b>	<b>20.4 %</b>	<b>20 bp</b>

The tables below provide a reconciliation of each segment's operating income (loss) to EBITDA and adjusted EBITDA:

(in millions)	Three Months Ended March 31, 2026			
	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services
	<b>Operating Income</b>	<b>\$ 76</b>	<b>\$ 77</b>	<b>\$ 57</b>
Operating margin	12.6 %	17.2 %	11.2 %	9.9 %
Loss attributable to non-controlling interests	—	—	4	—
Gain on sale of businesses	—	—	4	—
Depreciation	12	7	7	39
Amortization	14	1	33	26
Other non-operating expense, excluding interest	(2)	(1)	—	(5)
<b>EBITDA</b>	<b>\$ 100</b>	<b>\$ 84</b>	<b>\$ 105</b>	<b>\$ 116</b>
Share-based compensation	2	2	2	2
Restructuring & realignment	30	2	4	2
Special charges	—	—	3	5
Gain on sale of businesses	—	—	(4)	—
Loss attributable to non-controlling interests	—	—	(4)	—
<b>Adjusted EBITDA</b>	<b>\$ 132</b>	<b>\$ 88</b>	<b>\$ 106</b>	<b>\$ 125</b>
<b>Adjusted EBITDA margin</b>	<b>21.9 %</b>	<b>19.6 %</b>	<b>20.9 %</b>	<b>22.1 %</b>

**Three Months Ended  
March 31, 2025**

(in millions)	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services
<b>Operating Income</b>	<b>\$ 80</b>	<b>\$ 72</b>	<b>\$ 56</b>	<b>\$ 44</b>
Operating margin	13.8 %	16.6 %	11.4 %	7.8 %
Loss from sale of businesses	(10)	—	—	—
Depreciation	10	7	7	41
Amortization	13	1	32	27
Other non-operating expense, excluding interest	(2)	(1)	—	—
<b>EBITDA</b>	<b>\$ 91</b>	<b>\$ 79</b>	<b>\$ 95</b>	<b>\$ 112</b>
Share-based compensation	2	1	1	2
Restructuring & realignment	15	5	3	4
Special Charges	2	—	4	4
Loss from sale of businesses	10	—	—	—
<b>Adjusted EBITDA</b>	<b>\$ 120</b>	<b>\$ 85</b>	<b>\$ 103</b>	<b>\$ 122</b>
<b>Adjusted EBITDA margin</b>	<b>20.7 %</b>	<b>19.5 %</b>	<b>21.0 %</b>	<b>21.7 %</b>

**Three Months Ended  
2026 versus 2025**

(in millions)	Water Infrastructure	Applied Water	Measurement and Control Solutions	Water Solutions and Services
<b>Operating Income (Loss)</b>	<b>\$ (4)</b>	<b>\$ 5</b>	<b>\$ 1</b>	<b>\$ 12</b>
Operating margin	(120) bps	60 bps	(20) bps	210 bps
Loss attributable to non-controlling interests	—	—	4	—
Gain (loss) on sale of businesses	10	—	4	—
Depreciation	2	—	—	(2)
Amortization	1	—	1	(1)
Other non-operating expense, excluding interest	—	—	—	(5)
<b>EBITDA</b>	<b>\$ 9</b>	<b>\$ 5</b>	<b>\$ 10</b>	<b>\$ 4</b>
Share-based compensation	—	1	1	—
Restructuring & realignment	15	(3)	1	(2)
Special charges	(2)	—	(1)	1
(Gain) loss from sale of businesses	(10)	—	(4)	—
Loss attributable to non-controlling interests	—	—	(4)	—
<b>Adjusted EBITDA</b>	<b>\$ 12</b>	<b>\$ 3</b>	<b>\$ 3</b>	<b>\$ 3</b>
<b>Adjusted EBITDA margin</b>	<b>120 bps</b>	<b>10 bps</b>	<b>(10) bps</b>	<b>40 bps</b>

### *Water Infrastructure*

Operating income for our Water Infrastructure segment was \$76 million (operating margin of 12.6%) during the first quarter of 2026, a decrease of \$4 million, or 5.0%, when compared to operating income of \$80 million (operating margin of 13.8%) during the prior year, or a total decrease in operating margin of 120 basis points. Operating margin declines included net unfavorable impacts of 220 basis points from increased restructuring and realignment costs and acquired intangible asset amortization and a slight decrease in special charges as compared to the prior year. Additionally, operating margin declines included 480 basis points of unfavorable operating impacts driven by 250 basis points of inflation, 120 basis points of unfavorable mix, and 50 basis points of foreign currency impacts. Margin declines were partially offset by 580 basis points of favorable operational impacts, driven by 520 basis points of productivity savings. Excluding restructuring and realignment costs, amortization of acquired intangibles, and special charges, adjusted operating income was \$117 million (adjusted operating margin of 19.4%) for the first quarter of 2026 as compared to adjusted operating income of \$107 million (adjusted operating margin of 18.4%) for the first quarter of 2025, an increase of 100 basis points.

Adjusted EBITDA was \$132 million (adjusted EBITDA margin of 21.9%) for the first quarter of 2026, an increase of \$12 million, or 10.0%, when compared to adjusted EBITDA of \$120 million (adjusted EBITDA margin of 20.7%) during the prior year. The increase in adjusted EBITDA margin of 120 basis points was primarily driven by the same factors impacting the increase in adjusted operating margin.

### *Applied Water*

Operating income for our Applied Water segment was \$77 million (operating margin of 17.2%) during the first quarter of 2026, an increase of \$5 million, or 6.9%, when compared to operating income of \$72 million (operating margin of 16.6%) during the prior year, or a total increase in operating margin of 60 basis points. Operating margin expansion included 70 basis points from decreased restructuring and realignment costs as compared to the prior year. Additionally, operating margin expansion included 920 basis points of favorable operational impacts consisting of 750 basis points of productivity savings and 170 basis points of price realization. Operating margin expansion was offset by 930 basis points of unfavorable operational impacts driven primarily by 350 basis points of inflation, 260 basis points of decreased volume, 210 basis points of unfavorable mix, and 100 basis points of increased spending on strategic investments. Excluding restructuring and realignment costs, adjusted operating income was \$79 million (adjusted operating margin of 17.6%) for the first quarter of 2026 as compared to adjusted operating income of \$77 million (adjusted operating margin of 17.7%) for the first quarter of 2025, a decrease of 10 basis points.

Adjusted EBITDA was \$88 million (adjusted EBITDA margin of 19.6%) for the first quarter of 2026, an increase of \$3 million, or 4.0%, when compared to adjusted EBITDA of \$85 million (adjusted EBITDA margin of 19.5%) during the prior year, an increase of 10 basis points. The increase in adjusted EBITDA margin was primarily due to the same factors impacting the decrease in adjusted operating margin; however, adjusted EBITDA was not negatively affected by the relative impact of increased share-based compensation.

### *Measurement and Control Solutions*

Operating income for our Measurement and Control Solutions segment was \$57 million (operating margin of 11.2%) during the first quarter of 2026, an increase of \$1 million, or 1.8%, when compared to operating income of \$56 million (operating margin of 11.4%) during the prior year, or a total decrease in operating margin of 20 basis points. The operating margin declines were partially offset by net favorable impacts of 20 basis points from flat acquired intangible asset amortization, lower special charges and increased restructuring and realignment costs on increased revenue compared to the prior year. Additionally, operating margin declines included 570 basis points of unfavorable operational impacts, primarily consisting of 230 basis points of unfavorable mix, 210 basis points of inflation, 60 basis points of increased spending on strategic investments, and 60 basis points of decreased volume. The decline in margin was partially offset by positive operational impacts of 530 basis points driven by 320 basis points of productivity savings and 200 basis points of price realization. Excluding restructuring and realignment costs, acquired intangible asset amortization and special charges, adjusted operating income was \$83 million (adjusted operating margin of 16.3%) for the first quarter of 2026 as compared to adjusted operating income of \$82 million (adjusted operating margin of 16.7%) for the first quarter of 2025, a decrease of 40 basis points.

Adjusted EBITDA was \$106 million (adjusted EBITDA margin of 20.9%) for the first quarter of 2026, an increase of \$3 million, or 3%, when compared to adjusted EBITDA of \$103 million (adjusted EBITDA margin of 21.0%) during the prior year, a decrease of 10 basis points. The decrease in adjusted EBITDA margin was primarily due to the same factors as those impacting the decrease in adjusted operating margin.

#### *Water Solutions and Services*

Operating income for our Water Solutions and Services segment was \$56 million (operating margin of 9.9%) during the first quarter of 2026, an increase of \$12 million, or 27.3%, when compared to operating income of \$44 million (operating margin of 7.8%) during the prior year, or a total increase in operating margin of 210 basis points. The operating margin expansion included favorable impacts of 130 basis points from decreased special charges, restructuring and realignment costs, and acquired intangible asset amortization relative to the prior year period. Additionally, operating margin expansion included 530 basis points of favorable operational impacts including 210 basis points of price realization, 170 basis points of productivity savings, 60 basis points of favorable foreign currency impacts and 50 basis points of favorable mix. Margin expansion was partially offset by unfavorable operational impacts of 450 basis points driven by 310 basis points of inflation and 100 basis points of unfavorable volume. Excluding special charges, acquired intangible asset amortization, and restructuring and realignment costs, adjusted operating income was \$83 million (adjusted operating margin of 14.7%) for the first quarter of 2026 as compared to adjusted operating income of \$78 million (adjusted operating margin of 13.9%) for the first quarter of 2025, an increase of 80 basis points.

Adjusted EBITDA was \$125 million (adjusted EBITDA margin of 22.1%) for the first quarter of 2026, an increase of \$3 million, or 2%, when compared to adjusted EBITDA of \$122 million (adjusted EBITDA margin of 21.7%) during the prior year, an increase of 40 basis points. The increase in adjusted EBITDA margin was primarily due to the same factors as those impacting the increase in adjusted operating margin; however, adjusted EBITDA margin did not benefit from the relative impact of decreased depreciation and amortization expense.

#### *Corporate and Other*

Operating loss for corporate and other increased \$1 million, or 4.8%, during the first quarter of 2026 compared to the prior year period. Operating loss increased primarily due to increased spending on and timing of strategic investments and inflation. Excluding special charges, adjusted operating loss for corporate and other increased \$1 million, or 5.3%, for the three months ended March 31, 2026, driven by the same factors as those driving the increase in operating loss.

#### **Interest Expense**

Interest expense was \$4 million for the three months ended March 31, 2026, compared to \$8 million for the comparable prior year period. The decrease in interest expense was primarily driven by increased interest income generated on cross currency swaps reducing interest expense.

See Note 10, "Derivative Financial Instruments" and Note 12, "Credit Facilities and Debt," of our condensed consolidated financial statements for a description of our net investment hedges and credit facilities and long-term debt, respectively.

#### **Income Tax Expense**

The income tax provision for the three months ended March 31, 2026 was \$55 million resulting in an effective tax rate of 22.3%, compared to \$50 million of expense resulting in an effective tax rate of 23.1% for the same period in 2025. The effective tax rate for the three month period ended March 31, 2026 was lower than the effective tax rate for the same period in 2025, primarily due to earnings mix.

## Liquidity and Capital Resources

The following table summarizes our sources and (uses) of cash:

(in millions)	Three Months Ended		
	March 31,		
	2026	2025	Change
Operating activities	\$ 108	\$ 33	\$ 75
Investing activities	(76)	(15)	(61)
Financing activities	(683)	(116)	(567)
Foreign exchange (a)	(15)	25	(40)
Increase in cash classified within assets held for sale	(5)	—	(5)
Decrease in cash classified within assets held for sale	—	11	(11)
Total	\$ (671)	\$ (62)	\$ (609)

(a) The impact is primarily due to weakening of the Euro, Chilean Peso and the Canadian Dollar against the U.S. Dollar.

### Sources and Uses of Liquidity

#### Operating Activities

Cash generated by operating activities was \$108 million for the three months ended March 31, 2026 as compared to cash generated by operating activities of \$33 million in the comparable prior year period. The increase in cash provided was primarily driven by timing of payments for accrued expenses and lower annual incentives, offset by increased investment in working capital and higher payments for restructuring.

#### Investing Activities

Cash used in investing activities was \$76 million for the three months ended March 31, 2026 as compared to \$15 million used in the comparable prior year period. The increase in cash used primarily reflects lower proceeds from sale of businesses, and increased investments in capital expenditures.

#### Financing Activities

Cash used in financing activities was \$683 million for the three months ended March 31, 2026 as compared to cash used of \$116 million in the comparable prior year period. The increase in cash used reflects the repurchase of common stock during the quarter, and higher dividend payments.

### Funding and Liquidity Strategy

Our ability to fund our capital needs depends on our ongoing ability to generate cash from operations and access to bank financing and the capital markets. We continually evaluate aspects of our spending, including capital expenditures, strategic investments and dividends.

If our cash flows from operations are less than we expect, we may need to incur debt or issue equity. From time to time, we may need to access the long-term and short-term capital markets to obtain financing. Our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including: (i) our credit ratings or absence of a credit rating, (ii) the liquidity of the overall capital markets, and (iii) the current state of the economy. There can be no assurance that such financing will be available to us on acceptable terms or that such financing will be available at all. Our securities are rated investment grade. A significant change in credit rating could impact our ability to borrow at favorable rates. Refer to Note 12, "Credit Facilities and Debt", of our condensed consolidated financial statements for a description of limitations on obtaining additional funding.

We monitor our global funding requirements and seek to meet our liquidity needs on a cost-effective basis. In addition, our existing committed credit facilities and access to the public debt markets would provide further liquidity if required.

Based on our current global cash positions, cash flows from operations and access to the capital markets, we believe there is sufficient liquidity to meet our funding requirements and service debt and other obligations in both the U.S. and outside of the U.S. during the year. Currently, we have available liquidity of approximately \$1.8 billion, consisting of \$808 million of cash and \$1 billion of available credit facilities as disclosed in Note 12, "Credit Facilities and Debt", of our condensed consolidated financial statements.

### *Credit Facilities & Long-Term Contractual Commitments*

See Note 12, "Credit Facilities and Debt," of our condensed consolidated financial statements for a description of our credit facilities and long-term debt.

### *Non-U.S. Operations*

As we continue to grow our operations outside of the U.S., we expect to continue to generate significant revenue from non-U.S. operations and expect that a substantial portion of our cash will be held by our foreign subsidiaries. We expect to manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We may transfer cash from certain international subsidiaries to the U.S. and other international subsidiaries when we believe it is cost-effective to do so. We continually review our domestic and foreign cash profile, expected future cash generation and investment opportunities, and reassess whether there is a need to repatriate funds held internationally to support our U.S. operations.

### **Tariff Developments**

On February 20, 2026, the United States Supreme Court issued a decision invalidating the broad-based tariffs imposed under the International Emergency Economic Powers Act, which the Company had previously been subject to on certain import transactions. As of March 31, 2026, we have not recorded a receivable related to potential tariff refunds due to the uncertainty regarding the timing and amount of such refunds at this time. We will continue to assess these developments as additional information becomes available.

### **Critical Accounting Estimates**

Our discussion and analysis of our results of operations and capital resources are based on our condensed consolidated financial statements, which have been prepared in conformity with GAAP. The preparation of these condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. We believe the most complex and sensitive judgments, because of their significance to the condensed consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2025 Annual Report describes the critical accounting estimates used in preparation of the condensed consolidated financial statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in the information concerning our critical accounting estimates as stated in our 2025 Annual Report.

### **2026 Outlook**

We are raising our total revenue growth outlook to 2% to 3%, and maintaining our organic revenue growth outlook at 2% to 4% in 2026. Our outlook is being provided in the context of the current volatility, including due to geopolitical, trade, macroeconomic and regulatory uncertainty. Our ability to meet our expectations is subject to a number of risks, including, but not limited to, those described in "Item 1A. Risk Factors" in our 2025 Annual Report.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There has been no material change in the information concerning market risk as stated in our 2025 Annual Report.

**ITEM 4. CONTROLS AND PROCEDURES**

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer of the Company, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the 1934 Act) during the fiscal quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal and regulatory proceedings that are incidental to the operation of our businesses (or the business operations of previously owned entities). These proceedings may seek remedies relating to matters including environmental, tax, intellectual property, acquisitions or divestitures, product liability, property damage, personal injury, privacy, employment, labor and pension, government investigations or contract issues and commercial or contractual disputes.

See Note 18, "Commitments and Contingencies," to the condensed consolidated financial statements for further information and any updates.

### ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in "Item 1A. Risk Factors" of our 2025 Annual Report.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents information with respect to purchases of the Company's common stock by the Company during the three months ended March 31, 2026:

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE (a)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS (b)(c)	APPROXIMATE DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS (b) (IN MILLIONS)
1/1/26 - 1/31/26	5,409	136.22	—	\$182
2/1/26 - 2/28/26	850,087	128.58	850,000	\$1,573
3/1/26 - 3/31/26	3,981,681	121.60	3,881,920	\$1,101
Total	4,837,177	122.85	4,731,920	

(a) Average price paid per share is calculated on a settlement basis.

(b) On August 24, 2015, our Board of Directors authorized the repurchase of up to \$500 million in shares with no expiration date. The program's objective is to deploy our capital in a manner that benefits our stockholders and maintains our focus on growth. As of March 31, 2026, no additional repurchase can be made under this program. On February 25, 2026, our Board of Directors authorized the repurchase of up to \$1.5 billion in shares with no expiration date. Repurchases made under the program can be effected through open market transactions, block purchases, accelerated share repurchase agreements or other negotiated transactions.

(c) Amounts presented are exclusive of the excise tax on share repurchases.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

(c) Trading Plans

During the quarter ended March 31, 2026, Claudia S. Toussaint, Xylem's Executive VP, Chief People and Sustainability Officer, adopted a trading plan intended to satisfy Rule 10b5-1(c) (a "Rule 10b5-1 Plan") to sell up to 16,752 shares of the Company's common stock over a period ending on January 29, 2027.

Other than as described above, no director or Section 16 officer adopted or terminated any Rule 10b5-1 Plan or non-Rule 10b5-1 Plan arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

**ITEM 6. EXHIBITS**

See the Exhibit Index for a list of exhibits filed as part of this report and incorporated herein by reference.

**XYLEM INC.  
EXHIBIT INDEX**

Exhibit Number	Description	Location
<a href="#">3.1</a>	Fourth Amended and Restated Articles of Incorporation of Xylem Inc.	Incorporated by reference to Exhibit 3.1 of Xylem Inc.'s Form 8-K filed on May 15, 2017 (CIK No. 1524472, File No. 1-35229).
<a href="#">3.2</a>	Fifth Amended and Restated By-laws of Xylem Inc.	Incorporated by reference to Exhibit 3.1 of Xylem Inc.'s Form 8-K filed on November 15, 2022 (CIK No. 1524472, File No. 1-35229).
<a href="#">10.1</a>	Form of 2011 Omnibus Incentive Plan Restricted Stock Unit Grant Agreement (2026)	Filed herewith.
<a href="#">10.2</a>	Form of 2011 Omnibus Incentive Plan Restricted Stock Unit Grant Agreement for Executive Leadership Team (2026)	Filed herewith.
<a href="#">10.3</a>	Form of 2011 Omnibus Incentive Plan Special Restricted Stock Unit Grant Agreement (2026)	Filed herewith.
<a href="#">10.4</a>	Form of 2011 Omnibus Incentive Plan Non-Qualified Stock Option Grant Agreement for Executive Leadership Team (2026)	Filed herewith.
<a href="#">10.5</a>	Form of 2011 Omnibus Incentive Plan Non-Qualified Stock Option Grant Agreement (2026)	Filed herewith.
<a href="#">10.6</a>	Form of 2011 Omnibus Incentive Plan Performance Share Unit Grant Agreement for Executive Leadership team (2026)	Filed herewith.
<a href="#">10.7</a>	Form of 2011 Omnibus Incentive Plan Performance Share Unit Grant Agreement (2026)	Filed herewith.
<a href="#">31.1</a>	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
<a href="#">31.2</a>	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
<a href="#">32.1</a>	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
101.0	The following materials from Xylem Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026, formatted in Inline Extensible Business Reporting Language (Inline XBRL): (i) Condensed Consolidated Income Statements, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Cash Flows and (v) Notes to Condensed Consolidated Financial Statements	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.

Exhibit Number	Description	Location
104.0	The cover page from Xylem Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2026 formatted in Inline XBRL and contained in Exhibit 101.0.  # Management contract or compensatory plan or arrangement	

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**XYLEM INC.**

(Registrant)

/s/ Geri-Michelle McShane

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Geri-Michelle McShane

Senior Vice President, Chief Accounting Officer

April 28, 2026

**XYLEM**  
**2011 OMNIBUS INCENTIVE PLAN**

**"[YEAR]" RESTRICTED STOCK UNIT GRANT AGREEMENT**

This Agreement (the "**Agreement**") between Xylem Inc. (the "**Company**") and **###PARTICIPANT\_NAME###** (the "**Participant**") is effective as of **###GRANT\_DATE###**. Capitalized terms that are not defined in this Agreement are defined in the Company's 2011 Omnibus Incentive Plan (Amended and Restated February 24, 2016) (the "**Plan**"). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant's valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the "**Committee**"), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Restricted Stock Units.** The Company hereby confirms the grant on **###GRANT\_DATE###** (the "**Grant Date**") to the Participant of **###TOTAL\_AWARDS###** Restricted Stock Units ("**RSUs**"). The RSUs are notional units of measurement denominated in Shares of common stock (*i.e.*, one RSU is equivalent in value to one Share of common stock of the Company).

The RSUs represent an unfunded, unsecured right to receive Shares and dividend equivalent payments in the future if the conditions in the Plan and this Agreement are satisfied.

**Nature of the Grant:**

- (a) The grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past. All decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The RSUs and the Shares subject to the RSUs, are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from the termination of the Participant's employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** It is understood and agreed that the RSUs are subject to the following terms and conditions:

- (a) **Restrictions.** Except as otherwise provided in the Plan and this Agreement, neither this Award nor any RSUs subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the RSUs.

- (b) **Voting and Dividend Equivalent Rights.** The Participant will not have any privileges of a shareholder of the Company with respect to the RSUs or any Shares that may be delivered under this Agreement, including without limitation any right to vote the Shares or to receive dividends, unless and until the Shares are delivered on vesting of the RSUs. Dividend equivalents will be earned with respect to each RSU that vests and the amount will be equal to the total dividends declared on a Share, where the record date of the dividend is between the Grant Date of this Award and the date a Share is issued on vesting of the RSU. Any dividend equivalents earned will be paid in cash to the Participant when the Shares subject to the vested RSUs are issued. No dividend equivalents will be earned or paid with respect to any portion of the RSUs that do not vest. Dividend equivalents will not accrue interest.
- (c) **Vesting and Payment.** RSUs will vest as long as the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the vesting date. Active employment does not include any potential severance period. The RSUs will vest in installments on the dates set forth in the vesting schedule below (each, a "Vesting Date"), subject to the Participant's continued active employment:

###VEST\_SCHEDULE\_TABLE###

Except as provided in subsection 2(i), on vesting of the RSUs, including vesting pursuant to subsections 2(d) or 2(e), the Company will deliver to the Participant (i) one Share for each vested RSU and (ii) an amount in cash attributable to dividend equivalents earned in accordance with subsection 2(b), less Shares withheld in accordance with subsection 2(f).

- (d) **Effect of Change in Control.** In the event of a Change in Control prior to the end of the Vesting Date, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding RSUs under the Plan, any unvested RSUs will continue to vest based on the RSUs' service-based vesting criteria until the Vesting Date.

If the Participant's active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant for Good Reason (for applicable Participants only) within 2 years of a Change in Control, any assumed unvested RSUs will become 100% vested on the termination date.

If the acquiring or surviving company in the transaction does not assume or continue outstanding awards under the Plan, immediately prior to the Change in Control any unvested RSUs will become 100% vested.

"Cause" means (i) the Participant's willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. "Willful" means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

"Good Reason" means, without the Participant's express written consent (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant's position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to Company or Affiliate employees who are at the time of termination of employment, or were at any time during the 2 year period immediately preceding the Change in Control, covered by the Xylem Enhanced Severance Plan and will exclude an isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

- (e) **Effect of Termination of Employment.** RSUs will only vest if the Participant is actively employed by the Company or an Affiliate prior to the Vesting Date. If the Participant's active employment with the

Company or an Affiliate is terminated for any reason prior to the Vesting Date, and the termination constitutes a “separation from service” within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder (“**Section 409A**”), subject to subsection 2(d), the following would apply to any unvested RSUs on the date of the Participant’s termination of employment:

- (i) Termination due to Death or Disability. Any unvested RSUs will immediately become 100% vested.
- (ii) Termination due to Retirement. Any unvested RSUs with a Grant Date that is 12 months or more prior to the Participant’s Retirement will continue to vest in accordance with the original vest schedule, subject to the terms of the Plan and this Agreement. Any unvested RSUs with a Grant Date that is less than 12 months prior to the Participant’s Retirement will automatically be forfeited.
- (iii) Termination other than for Death, Disability and Retirement. All unvested RSUs will automatically be forfeited.

“**Disability**” means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

“**Retirement**” means the termination of the Participant’s employment (either by the Company or an Affiliate, or the Participant), if, at the time of such termination, the Participant (a) is at least age 55 and has completed at least 10 years of service with the Company or an Affiliate, or (b) is at least age 62 and has completed at least 5 years of service with the Company or an Affiliate.

- (f) **Tax Withholding**. The Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the RSUs and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the Shares and payment of dividend equivalents will be satisfied by withholding a number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld (or such other amount that will not cause an adverse accounting consequence or cost). If this withholding would result in a fractional Share being withheld, the number of Shares withheld will be rounded up to the nearest whole Share. If FICA taxes are required to be withheld while the RSUs are outstanding, the withholding will be made in a manner determined by the Company.
- (g) **Participant Covenants and Forfeiture and Clawback Provisions**. The Participant acknowledges and agrees that the RSUs, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested RSUs or the net after-tax income, or the pre-tax value, from the disposition of any Shares received upon settlement of vested RSUs, to the extent required by applicable law and/or the Company’s Recoupment of Incentive-Based Compensation Policy 40-05 (“**Clawback Policy**”), or if the Committee, in its sole discretion, determines that the Participant:
  - (i) Has engaged in any activity in violation of Company policies, including the Company’s Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or an Affiliate; or
  - (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant’s work responsibilities with the Company or an Affiliate); or
  - (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant’s employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto).

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable

interest of the Company or an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the RSUs, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARDS IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED RSUS OR THE NET AFTER-TAX INCOME FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED RSUS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS SUBSECTION DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (h) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(g), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(g)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or the Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Affiliate's rights under subsection 2(g) or any other remedies of the Company or an Affiliate, if the Participant breaches any covenant described in subsection 2(g), the Company will have the right to cancel this Agreement.
- (i) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (j) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company's tax equalization program or the Company's policies with respect to travel and business expenses, and the Participant has not satisfied these obligations, the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on settlement of the RSUs (to the extent such RSUs are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.
- (k) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company or

an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw this consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case will not be less stringent than this subsection 2(k).

- (l) **Stock Ownership Guidelines.** If the Participant is or becomes subject to the Company's Stock Ownership Guidelines and applicable retention requirements, the Participant may be limited in selling Shares obtained upon settlement of the RSUs.
- (m) **Clawback Policy.** If the Participant is covered by the Company's Clawback Policy, the Participant agrees that the RSUs are subject to the Policy and may be subject to recovery (in whole or in part) by the Company. The Participant agrees that the Clawback Policy may be amended from time to time by the Committee, including amendments to comply with applicable laws, regulations or stock exchange listing requirements.
- (n) **Section 409A Compliance.** It is intended that the Plan and this Agreement comply with the requirements of Section 409A to the extent applicable, and the Plan and this Agreement shall be interpreted accordingly.
  - (i) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, and if the Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Participant's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed (along with the cash value of all dividend equivalents that would be payable) upon the Participant's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Participant's separation from service or (y) the Participant's death.
  - (ii) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, upon a Change in Control that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the RSUs will vest at the time of the Change in Control, but distribution of any RSUs (or related dividend equivalents) that constitute deferred compensation for the purposes of Section 409A will not be accelerated (*i.e.*, distribution will occur when it would have occurred absent the Change in Control).
- (o) **Governing Law.** This Agreement is governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
- (p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO

(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: ###GRANT\_DATE###

**EXHIBIT 1**

**STATE AND OTHER SPECIFIC REQUIREMENTS ADDENDUM**

**CALIFORNIA**

For employees residing in California at the time of execution of this Agreement, Paragraphs 2(g)(iv) and Paragraph 2(o) will not apply.

**COLORADO**

Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2026 (adjusted on a yearly basis).

**GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company does business.

**ILLINOIS**

Paragraph 2(g)(iv) does not apply unless the employee's actual or expected rate of earnings exceeds \$45,000 per year (next statutory increase occurs in 2027).

**LOUISIANA**

For employees who perform work in Louisiana, Paragraph 2(g)(iv) shall only apply in the St Tammany Parish.

**NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement, Paragraph 2(g)(iv) will not apply.

**OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement, Paragraph 2(g)(iv) will only apply to the extent it prohibits the Employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company.

**OREGON**

For employees residing in Oregon at the time of execution of this Agreement, the Company shall provide a copy of this Agreement to the employees at least two weeks before the employees begin work and must sign this Agreement as a condition of employment. The Company also must provide the employee a signed, written copy of the Agreement within 30 days after the date of termination of the employee's employment with the Company.

**XYLEM  
2011 OMNIBUS INCENTIVE PLAN**

**“[YEAR]” RESTRICTED STOCK UNIT GRANT AGREEMENT FOR EXECUTIVE LEADERSHIP TEAM**

This Agreement (the “**Agreement**”) between Xylem Inc. (the “**Company**”) and **###PARTICIPANT\_NAME###** (the “**Participant**”) is effective as of **###GRANT\_DATE###**. Capitalized terms that are not defined in this Agreement are defined in the Company’s 2011 Omnibus Incentive Plan (Amended and Restated February 24, 2016) (the “**Plan**”). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant’s valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the “**Committee**”), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Restricted Stock Units.** The Company hereby confirms the grant on **###GRANT\_DATE###** (the “**Grant Date**”) to the Participant of **###TOTAL\_AWARDS###** Restricted Stock Units (“**RSUs**”). The RSUs are notional units of measurement denominated in Shares of common stock (*i.e.*, one RSU is equivalent in value to one Share of common stock of the Company).

The RSUs represent an unfunded, unsecured right to receive Shares and dividend equivalent payments in the future if the conditions in the Plan and this Agreement are satisfied.

**Nature of the Grant:**

- (a) The grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past. All decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The RSUs and the Shares subject to the RSUs, are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from the termination of the Participant’s employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** It is understood and agreed that the RSUs are subject to the following terms and conditions:

- (a) **Restrictions.** Except as otherwise provided in the Plan and this Agreement, neither this Award nor any RSUs subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the RSUs.

- (b) **Voting and Dividend Equivalent Rights.** The Participant will not have any privileges of a shareholder of the Company with respect to the RSUs or any Shares that may be delivered under this Agreement, including without limitation any right to vote the Shares or to receive dividends, unless and until the Shares are delivered on vesting of the RSUs. Dividend equivalents will be earned with respect to each RSU that vests and the amount will be equal to the total dividends declared on a Share, where the record date of the dividend is between the Grant Date of this Award and the date a Share is issued on vesting of the RSU. Any dividend equivalents earned will be paid in cash to the Participant when the Shares subject to the vested RSUs are issued. No dividend equivalents will be earned or paid with respect to any portion of the RSUs that do not vest. Dividend equivalents will not accrue interest.
- (c) **Vesting and Payment.** RSUs will vest as long as the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the vesting date. Active employment does not include any potential severance period. The RSUs will vest in installments on the dates set forth in the vesting schedule below (each, a "Vesting Date"), subject to the Participant's continued active employment:

###VEST\_SCHEDULE\_TABLE###

Except as provided in subsection 2(i), on vesting of the RSUs, including vesting pursuant to subsections 2(d) or 2(e), the Company will deliver to the Participant (i) one Share for each vested RSU and (ii) an amount in cash attributable to dividend equivalents earned in accordance with subsection 2(b), less Shares withheld in accordance with subsection 2(f).

- (d) **Effect of Change in Control.** In the event of a Change in Control prior to the end of the Vesting Date, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding RSUs under the Plan, any unvested RSUs will continue to vest based on the RSUs' service-based vesting criteria until the Vesting Date.

If the Participant's active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant for Good Reason (for applicable Participants only) within 2 years of a Change in Control, any assumed unvested RSUs will become 100% vested on the termination date.

If the acquiring or surviving company in the transaction does not assume or continue outstanding awards under the Plan, immediately prior to the Change in Control any unvested RSUs will become 100% vested.

"Cause" means (i) the Participant's willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. "Willful" means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

"Good Reason" means, without the Participant's express written consent (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant's position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to the Company or an Affiliate's employees who are at the time of termination of employment, or were at any time during the 2 year period immediately preceding the Change in Control, covered by the Xylem Special Senior Executive Severance Plan and will exclude an isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

- (e) **Effect of Termination of Employment.** RSUs will only vest if the Participant is actively employed by the Company or an Affiliate prior to the Vesting Date. If the Participant's active employment with the

Company or an Affiliate is terminated for any reason prior to the Vesting Date, and the termination constitutes a “separation from service” within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder (“**Section 409A**”), subject to subsection 2(d), the following would apply to any unvested RSUs on the date of the Participant’s termination of employment:

- (i) Termination due to Death or Disability. Any unvested RSUs will immediately become 100% vested.
- (ii) Termination due to Retirement. Any unvested RSUs with a Grant Date that is 12 months or more prior to the Participant’s Retirement will continue to vest in accordance with the original vest schedule, subject to the terms of the Plan and this Agreement. Any unvested RSUs with a Grant Date that is less than 12 months prior to the Participant’s Retirement will automatically be forfeited.
- (iii) Termination other than for Death, Disability and Retirement. All unvested RSUs will automatically be forfeited.

“**Disability**” means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

“**Retirement**” means the termination of the Participant’s employment (either by the Company or an Affiliate, or the Participant), if, at the time of such termination, the Participant (a) is at least age 55 and has completed at least 10 years of service with the Company or an Affiliate, or (b) is at least age 62 and has completed at least 5 years of service with the Company or an Affiliate.

- (f) **Tax Withholding**. The Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the RSUs and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the Shares and payment of dividend equivalents will be satisfied by withholding a number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld (or such other amount that will not cause an adverse accounting consequence or cost). If this withholding would result in a fractional Share being withheld, the number of Shares withheld will be rounded up to the nearest whole Share. If FICA taxes are required to be withheld while the RSUs are outstanding, the withholding will be made in a manner determined by the Company.
- (g) **Participant Covenants and Forfeiture and Clawback Provisions**. The Participant acknowledges and agrees that the RSUs, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested RSUs or the net after-tax income, or the pre-tax value, from the disposition of any Shares received upon settlement of vested RSUs, to the extent required by applicable law and/or the Company’s Recoupment of Incentive-Based Compensation Policy 40-05 (“**Clawback Policy**”), or if the Committee, in its sole discretion, determines that the Participant:
  - (i) Has engaged in any activity in violation of Company policies, including the Company’s Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or an Affiliate; or
  - (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant’s work responsibilities with the Company or an Affiliate);
  - (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant’s employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto); or

- (v) Violates the non-competition covenant set forth in Appendix A of this Agreement (the “**Non-Competition Covenant**”) at any time during the Participant’s employment and for 12 months after termination of his or her employment.

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company or an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the RSUs, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARDS IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED RSUS OR THE NET AFTER-TAX INCOME FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED RSUS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS SUBSECTION DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (h) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(g), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(g)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or the Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company’s or an Affiliate’s rights under subsection 2(g) or any other remedies of the Company or an Affiliate, if the Participant breaches any covenant described in subsection 2(g), the Company will have the right to cancel this Agreement.
- (i) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (j) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company’s tax equalization program or the Company’s policies with respect to travel and business expenses, and the Participant has not satisfied these obligation(s), the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on settlement of the RSUs (to the extent such RSUs are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.
- (k) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of

personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company or an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw this consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case will not be less stringent than this subsection 2(k).

- (l) **Stock Ownership Guidelines.** If the Participant is or becomes subject to the Company's Stock Ownership Guidelines and applicable retention requirements, the Participant may be limited in selling Shares obtained upon settlement of the RSUs.
- (m) **Clawback Policy.** If the Participant is covered by the Company's Clawback Policy, the Participant agrees that the RSUs are subject to the Policy and may be subject to recovery (in whole or in part) by the Company. The Participant agrees that the Clawback Policy may be amended from time to time by the Committee, including amendments to comply with applicable laws, regulations or stock exchange listing requirements.
- (n) **Section 409A Compliance.** It is intended that the Plan and this Agreement comply with the requirements of Section 409A to the extent applicable, and the Plan and this Agreement shall be interpreted accordingly.
  - (i) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, and if the Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Participant's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed (along with the cash value of all dividend equivalents that would be payable) upon the Participant's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Participant's separation from service or (y) the Participant's death.
  - (ii) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, upon an Change in Control that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the RSUs will vest at the time of the Change in Control, but distribution of any RSUs (or related dividend equivalents) that constitute deferred compensation for the purposes of Section 409A will not be accelerated (*i.e.*, distribution will occur when it would have occurred absent the Change in Control).
- (o) **Governing Law.** This Agreement is governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

(p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO

(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: ###GRANT\_DATE###

**Appendix A**  
**Non-Competition Covenant**

1. Definitions.

- (i) **“Competing Products”** means products or services sold by the Company and/or an Affiliate<sup>1</sup>, or any prospective product or service the Company and/or an Affiliate took steps to develop, and for which the Participant had any responsibility during the 24 months preceding the termination of the Participant’s employment;
- (ii) **“Restricted Territory”** means the geographic territory over which the Participant had responsibility during the 24 months preceding the termination of the Participant’s employment.

2. Non-Competition.

During the Participant’s employment and for 12 months after termination of the Participant’s employment, the Participant will not directly or indirectly, on behalf of the Participant or in conjunction with any other person or entity:

- (i) own, invest in, or provide financing to any business that sells Competing Products in the Restricted Territory;
- (ii) work in the Restricted Territory for any person or entity that sells Competing Products, in any role: (1) that is similar to any position the Participant held with the Company and an Affiliate during the 24 months preceding the termination of the Participant’s employment, (2) that is executive, leadership, managerial, or strategic in nature, or (3) that may cause the Participant to inevitably rely upon or disclose the Company’s and/or an Affiliate’s confidential or proprietary information or trade secrets.

3. Jurisdiction and Other Specific Requirements. A Participant residing in a jurisdiction identified on Exhibit 1, will be subject to the jurisdiction-specific and other applicable requirements set forth on Exhibit 1.

4. Subsequent Employment Protocol. During the Participant’s employment and for 12 months after termination of the Participant’s employment, prior to accepting employment with any person or entity, the Participant will provide the Participant’s prospective employer with a copy of this Agreement, which includes the Participant Obligations. Additionally, at least 7 days before accepting subsequent employment, the Participant will notify the Company of the Participant’s prospective employer’s name, address and telephone number, and a description of the job duties and geographic location for which the Participant is being considered.

5. Certifications. By executing this Agreement, which includes the Participant Obligations set forth above, the Participant certifies that the Participant: (a) has not and will not use or disclose to the Company or an Affiliate any confidential information and/or trade secrets belonging to others, including the Participant’s prior employers; (b) will not use any prior inventions made by the Participant and which the Company and an Affiliate is not legally entitled to learn of or use; and (c) is not subject to any prior agreements that would prevent the Participant from fully performing the Participant’s duties for the Company or an Affiliate.

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<sup>1</sup> This term carries the same meaning as how it is defined in Xylem’s Omnibus Incentive Plan.

**Exhibit 1**  
**State and Other Specific Requirements**

**COLORADO**

Paragraph 2(g)(v) does not apply unless the employee who, when the covenant not to compete is signed and when it is enforced, earns at least \$130,904 as of 2026 (adjusted on a yearly basis). Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2026 (adjusted on a yearly basis).

**DISTRICT OF COLUMBIA**

Paragraph 2(g)(v) does not apply to employees earning less than \$158,800 in 2026. This amount may increase each calendar year according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical Area.

**GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company and/or an Affiliate does business.

**ILLINOIS**

Paragraph 2(g)(v) does not apply unless the employee's annual compensation exceeds \$75,000 per year (next statutory increase occurs in 2027). Paragraph 2(g)(iv) does not apply unless the employee's annual compensation exceeds \$45,000 per year (next statutory increase occurs in 2027).

**LOUISIANA**

For employees who perform work in Louisiana, Paragraphs 2(g)(iv) and 2(g)(v) shall only apply in the St Tammany Parish.

**MAINE**

For employees residing in Maine when this Agreement is signed, Paragraphs 2(g)(iv) and 2(g)(v) do not take effect until 6 months after the Agreement is signed, or 12 months after the employee's start of employment with the Company and/or an Affiliate for 12 months, whichever is later.

**MARYLAND**

Paragraph 2(g)(v) does not apply if the employee earns equal to or less than (a) \$23.15 per hour; or (b) \$48,204 annually, in 2026.

**MASSACHUSETTS**

For employees working in Massachusetts, Paragraph 2(o) of the Agreement will not apply. Further, if the Company chooses to enforce the non-competition provisions set forth in Paragraph 2(g)(v) of the Agreement, then the Company will continue to pay the employee at least 50% of the employee's highest base salary that the employee earned at the Company or an Affiliate (as applicable) in the 2 years before the end of employee's

employment. The Company will pay this amount for 12 months following the employee's termination. The restriction set forth in Paragraph 2(g)(v) of the Agreement will not apply if the employee is involuntarily terminated without cause.

#### **NEVADA**

Paragraph 2(g)(v) does not apply if the employee is paid solely on an hourly wage basis, exclusive of any tips or gratuities.

#### **NEW HAMPSHIRE**

Paragraph 2(g)(v) does not apply if the employee earns an hourly rate less than or equal to 200 percent of the federal minimum wage.

#### **NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement (including the Participant Obligations incorporated herein), Paragraphs 2(g)(iv) and 2(g)(v) will not apply.

#### **OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement (including the Participant Obligations incorporated herein), Paragraph 2(g)(v) will not apply and Paragraph 2(g)(iv) will only apply to the extent that Paragraph prohibits the employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company and/or an Affiliate.

#### **OREGON**

For employees residing in Oregon when they sign this Agreement (including the Participant Obligations incorporated herein), the Company shall provide a copy of a signed, written copy of the Agreement (including the Participant Obligations incorporated herein) within 30 days after the date of termination of the employee's employment with the Company or an Affiliate, as applicable. Paragraph 2(g)(v) shall only apply if the total amount of the employee's annual compensation, at the time of the employee's termination, exceeds \$119,920 in 2026, adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items).

#### **VIRGINIA**

Paragraph 2(g)(v) does not apply if an employee's average weekly earnings are less than the average weekly wage of the Commonwealth as determined pursuant to subsection B of § 65.2-500.

#### **WASHINGTON**

For employees residing in Washington, Paragraph 2(o) will not apply. Further, if an employee is terminated as the result of a layoff, and the Company chooses to enforce the non-competition provisions set forth in Paragraph 2(g)(v) of the Agreement, then the Company or an Affiliate, as applicable, will continue to pay the Employee's base salary for twelve months following the layoff, less any earnings the employee has received from the employee's then-current employer. Paragraph 2(g)(v) shall only apply if the employee's earnings, when annualized, exceed \$127,100 in 2026, to be adjusted for inflation.

**XYLEM  
2011 OMNIBUS INCENTIVE PLAN**

**“[YEAR]” SPECIAL RESTRICTED STOCK UNIT GRANT AGREEMENT**

This Agreement (the “**Agreement**”) between Xylem Inc. (the “**Company**”) and **###PARTICIPANT\_NAME###** (the “**Participant**”) is effective as of **###GRANT\_DATE###**. Capitalized terms that are not defined in this Agreement are defined in the Company’s 2011 Omnibus Incentive Plan (Amended and Restated February 24, 2016) (the “**Plan**”). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant’s valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the “**Committee**”), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Restricted Stock Units.** The Company hereby confirms the grant on **###GRANT\_DATE###** (the “**Grant Date**”) to the Participant of **###TOTAL\_AWARDS###** Restricted Stock Units (“**RSUs**”). The RSUs are notional units of measurement denominated in Shares of common stock (*i.e.*, one RSU is equivalent in value to one Share of common stock of the Company).

The RSUs represent an unfunded, unsecured right to receive Shares and dividend equivalent payments in the future if the conditions in the Plan and this Agreement are satisfied.

**Nature of the Grant:**

- (a) The grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past. All decisions with respect to future RSUs or other grants, if any, will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The RSUs and the Shares subject to the RSUs, are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from the termination of the Participant’s employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to the Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** It is understood and agreed that the RSUs are subject to the following terms and conditions:

- (a) **Restrictions.** Except as otherwise provided in the Plan and this Agreement, neither this Award nor any RSUs subject to this Award may be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture of the RSUs.

- (b) **Voting and Dividend Equivalent Rights.** The Participant will not have any privileges of a shareholder of the Company with respect to the RSUs or any Shares that may be delivered under this Agreement, including without limitation any right to vote the Shares or to receive dividends, unless and until the Shares are delivered on vesting of the RSUs. Dividend equivalents will be earned with respect to each RSU that vests and the amount will be equal to the total dividends declared on a Share, where the record date of the dividend is between the Grant Date of this Award and the date a Share is issued on vesting of the RSU. Any dividend equivalents earned will be paid in cash to the Participant when the Shares subject to the vested RSUs are issued. No dividend equivalents will be earned or paid with respect to any portion of the RSUs that do not vest. Dividend equivalents will not accrue interest.
- (c) **Vesting and Payment.** RSUs will vest as long as the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the vesting date. Active employment does not include any potential severance period. The RSUs will vest in installments on the dates set forth in the vesting schedule below (each, a "Vesting Date"), subject to the Participant's continued active employment:

###VEST\_SCHEDULE\_TABLE###

Except as provided in subsection 2(i), on vesting of the RSUs, including vesting pursuant to subsections 2(d) or 2(e), the Company will deliver to the Participant (i) one Share for each vested RSU and (ii) an amount in cash attributable to dividend equivalents earned in accordance with subsection 2(b), less Shares withheld in accordance with subsection 2(f).

- (d) **Effect of Change in Control.** In the event of a Change in Control prior to the end of the Vesting Date, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding RSUs under the Plan, any unvested RSUs will continue to vest based on the RSUs' service-based vesting criteria until the Vesting Date.

If the Participant's active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant for Good Reason (for applicable Participants only) within 2 years of a Change in Control, any assumed unvested RSUs will become 100% vested on the termination date.

If the acquiring or surviving company in the transaction does not assume or continue outstanding awards under the Plan, immediately prior to the Change in Control any unvested RSUs will become 100% vested.

"Cause" means (i) the Participant's willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. "Willful" means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

"Good Reason" means, without the Participant's express written consent (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant's position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to Company or Affiliate employees who are at the time of termination of employment, or were at any time during the 2 year period immediately preceding the Change in Control, covered by the Xylem Special Senior Executive Severance Pay Plan or the Xylem Enhanced Severance Pay Plan and will exclude an isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

- (e) **Effect of Termination of Employment.** RSUs will only vest if the Participant is actively employed by the Company or an Affiliate prior to the Vesting Date. If the Participant's active employment with the Company or an Affiliate is terminated for any reason prior to the Vesting Date, and the termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("**Section 409A**"), subject to subsection 2(d), the following would apply to any unvested RSUs on the date of the Participant's termination of employment:
- (i) Termination due to Death, Disability or Involuntary Termination without Cause. Any unvested RSUs will immediately become 100% vested.
  - (ii) All other Voluntary Termination. All unvested RSUs will automatically be forfeited.
- "**Disability**" means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.
- (f) **Tax Withholding.** The Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the RSUs and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld upon delivery of the Shares and payment of dividend equivalents will be satisfied by withholding a number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld (or such other amount that will not cause an adverse accounting consequence or cost). If this withholding would result in a fractional Share being withheld, the number of Shares withheld will be rounded up to the nearest whole Share. If FICA taxes are required to be withheld while the RSUs are outstanding, the withholding will be made in a manner determined by the Company.
- (g) **Participant Covenants and Forfeiture and Clawback Provisions.** The Participant acknowledges and agrees that the RSUs, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested RSUs or the net after-tax income, or the pre-tax value, from the disposition of any Shares received upon settlement of vested RSUs, to the extent required by applicable law and/or the Company's Recoupment of Incentive-Based Compensation Policy 40-05 ("**Clawback Policy**"), or if the Committee, in its sole discretion, determines that the Participant:
- (i) Has engaged in any activity in violation of Company policies, including the Company's Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or its Affiliates; or
  - (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant's work responsibilities with the Company or an Affiliate); or
  - (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant's employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto).

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company or an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the RSUs, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into

between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARDS IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED RSUS OR THE NET AFTER-TAX INCOME FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED RSUS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS SUBSECTION DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (h) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(g), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(g)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Affiliate's rights under subsection 2(g) or any other remedies of the Company or an Affiliate, if the Participant breaches any covenant described in subsection 2(g), the Company will have the right to cancel this Agreement.
- (i) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (j) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company's tax equalization program or the Company's policies with respect to travel and business expenses, and the Participant has not satisfied these obligations, the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on settlement of the RSUs (to the extent such RSUs are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.
- (k) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company or an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess,

use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw this consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case will not be less stringent than this subsection 2(k).

- (l) **Stock Ownership Guidelines.** If the Participant is or becomes subject to the Company's Stock Ownership Guidelines and applicable retention requirements, the Participant may be limited in selling Shares obtained upon settlement of the RSUs.
- (m) **Clawback Policy.** If the Participant is covered by the Company's Clawback Policy, the Participant agrees that the RSUs are subject to the Policy and may be subject to recovery (in whole or in part) by the Company. The Participant agrees that the Clawback Policy may be amended from time to time by the Committee, including amendments to comply with applicable laws, regulations or stock exchange listing requirements.
- (n) **Section 409A Compliance.** It is intended that the Plan and this Agreement comply with the requirements of Section 409A to the extent applicable, and the Plan and this Agreement shall be interpreted accordingly.
  - (i) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, and if the Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Participant's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed (along with the cash value of all dividend equivalents that would be payable) upon the Participant's separation from service, shall instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Participant's separation from service or (y) the Participant's death.
  - (ii) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, upon a Change in Control that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the RSUs will vest at the time of the Change in Control, but distribution of any RSUs (or related dividend equivalents) that constitute deferred compensation for the purposes of Section 409A will not be accelerated (*i.e.*, distribution will occur when it would have occurred absent the Change in Control).
- (o) **Governing Law.** This Agreement is governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
- (p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO

(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: ###GRANT\_DATE###

**EXHIBIT 1**

**STATE AND OTHER SPECIFIC REQUIREMENTS ADDENDUM**

**CALIFORNIA**

For employees residing in California at the time of execution of this Agreement, Paragraphs 2(g)(iv) and Paragraph 2(o) will not apply.

**COLORADO**

Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2026 (adjusted on a yearly basis).

**GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company does business.

**ILLINOIS**

Paragraph 2(g)(iv) does not apply unless the employee's actual or expected rate of earnings exceeds \$45,000 per year (next statutory increase occurs in 2027).

**LOUISIANA**

For employees who perform work in Louisiana, Paragraph 2(g)(iv) shall only apply in the St Tammany Parish.

**NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement, Paragraph 2(g)(iv) will not apply.

**OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement, Paragraph 2(g)(iv) will only apply to the extent it prohibits the Employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company.

**OREGON**

For employees residing in Oregon at the time of execution of this Agreement, the Company shall provide a copy of this Agreement to the employees at least two weeks before the employees begin work and must sign this Agreement as a condition of employment. The Company also must provide the employee a signed, written copy of the Agreement within 30 days after the date of termination of the employee's employment with the Company.

**XYLEM  
2011 OMNIBUS INCENTIVE PLAN**

**“[YEAR]” NON-QUALIFIED STOCK OPTION GRANT AGREEMENT FOR EXECUTIVE LEADERSHIP TEAM**

This Agreement (the “**Agreement**”) between Xylem Inc. (the “**Company**”) and **###PARTICIPANT\_NAME###** (the “**Participant**”) is effective as of **###GRANT\_DATE###**. Terms used in this Agreement that are not defined in this Agreement are defined in the Company’s 2011 Omnibus Incentive Plan (Amended and Restated February 24, 2016) (the “**Plan**”). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant’s valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the “**Committee**”), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Non-Qualified Stock Options.** The Company confirms the grant on **###GRANT\_DATE###**, (the “**Grant Date**”) to the Participant of the option to purchase from the Company all or any part of an aggregate of **###TOTAL\_AWARDS###** Shares (the “**Options**”), at the purchase price of **###GRANT\_PRICE###** per Share (the “**Exercise Price**”).

**Nature of the Grant:**

- (a) The grant of Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past. All decisions with respect to future grants will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The Options are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the Options resulting from the termination of the Participant’s employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the Options or of any amounts due to the Participant on exercise of the Options or on the subsequent sale of any Shares acquired on exercise.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** The Options are subject to the following additional terms and conditions:

- (a) **Expiration Date.** The Options will expire on **###EXPIRY\_DATE###**, or, if the Participant’s employment terminates before that date, on the date specified in subsection 2(e) below.
- (b) **Exercise of Options.** The Options cannot be exercised until vested.
- (c) **Vesting.** Options will vest if the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the vesting date. Active employment does not include any potential severance period.

Subject to subsections 2(a), 2(d), and 2(e), the Options will vest in installments on the dates set forth in the vesting schedule below (each, a “Vesting Date”), subject to the Participant’s continued active employment:

**###VEST\_SCHEDULE\_TABLE###**

(d) **Effect of Change in Control.** In the event of a Change in Control prior to the Vesting Date, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding Options, then the unvested Options will continue to vest based on the Options' service-based vesting criteria until the Vesting Date. If the Participant's active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant (for applicable Participants only) for Good Reason within 2 years of a Change in Control, any unvested and any converted Options will become 100% vested on the termination date. Any vested Options will expire on the earlier of **###EXPIRY\_DATE###**, or the date **3 months** after the Participant's termination of active employment. If the participant is Retirement Eligible as specified in subsection 2(e) below, any vested Options will expire on the earlier of **###EXPIRY\_DATE###**, or the date **3 years** after the Participant's termination of active employment.

**"Cause"** means (i) the Participant's willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. **"Willful"** means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

**"Good Reason"** means (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant's position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to the Company's or an Affiliate's employees who are, at the time of termination of employment, covered by the Xylem Special Senior Executive Severance Plan and will exclude an isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

(e) **Effect of Termination of Employment.** Options will only vest while the Participant is actively employed by the Company or an Affiliate. If the Participant's active employment with the Company or an Affiliate is terminated for any reason prior to the Vesting Date, and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("**Section 409A**"), subject to subsection 2(d), the following would apply to any outstanding Options:

(i) Termination due to Death or Disability. Any unvested Options will immediately become 100% vested on the Participant's termination of employment. Any vested Options will expire on the earlier of **###EXPIRY\_DATE###**, or the date **3 years** after the Participant's termination of employment.

(ii) Termination due to Retirement or while Retirement Eligible. Any unvested Options with a Grant Date that is 12 months or more prior to the Participant's Retirement will continue to vest in accordance with the original vest schedule, subject to the terms of the Plan and this Agreement. Any unvested Options with a Grant Date that is less than 12 months prior to the Participant's Retirement will automatically be forfeited. Any vested Options will expire on the applicable **###EXPIRY\_DATE###**.

(iii) Termination other than for Death, Disability and Retirement. Any unvested Options will automatically forfeit on the date of the Participant's termination of employment. Any vested Options will expire on

the earlier of the applicable **###EXPIRY\_DATE###**, or the date **3 months** after the Participant's termination of employment.

**"Disability"** means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Company based on evidence, including independent medical reports and data, as deemed appropriate or necessary.

**"Retirement"** means the termination of the Participant's employment (either by the Company or an Affiliate, or the Participant), if, at the time of such termination, the Participant (a) is at least age 55 and has completed at least 10 years of service with the Company or an Affiliate, or (b) is at least age 62 and has completed at least 5 years of service with the Company or an Affiliate.

- (f) **Payment of Exercise Price.** Permissible methods for payment of the Exercise Price on exercise of the Options are described in Section 6.6 of the Plan, or, if the Plan is amended, successor provisions. In addition to the methods of exercise permitted by Section 6.6 of the Plan, the Participant may exercise all or part of the Options by way of (i) broker-assisted cashless exercise in a manner consistent with the Federal Reserve Board's Regulation T, unless the Committee determines that this is prohibited by law, or (ii) net-settlement, where the Participant directs the Company to withhold Shares that otherwise would be issued upon exercise of the Options having an aggregate Fair Market Value on the date of the exercise equal to the Exercise Price, or the portion being exercised by way of net-settlement (rounding up to the nearest whole Share).
- (g) **Tax Withholding.** The Company will have the power and the right to deduct or withhold, or require the Participant to remit to the Company, all applicable federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to the exercise of the Options. The Participant may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares that otherwise would be issued upon exercise of the Options, with the number of Shares withheld having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction (or such other amount that will not cause an adverse accounting consequence or cost) (rounding up to the nearest whole Share). Any election will be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.
- (h) **Automatic Exercise in Certain Circumstances.** Subject to subsection 2(i) of this Agreement, at close of business on the expiration date (or the preceding trading day if the expiration date is not a trading day), if the Exercise Spread Test (defined below) is met, the Option will be automatically exercised using the "net exercise" method described below, without regard to the notice requirement and with additional Shares retained for purposes of satisfying the applicable tax withholdings (the "Automatic Exercise"). The Option satisfies the "Exercise Spread Test" if the per Share spread between the closing price of the Company's common stock and the Grant Price (the "Exercise Spread") on the expiration date is at least one dollar. If the Exercise Spread Test is not satisfied, the unexercised portions of the Option will expire as of close of business on the expiration date.

An Automatic Exercise will not occur if the Participant (and, if applicable, the Participant's authorized legal representative) waives this subsection 2(h) in writing.

The Automatic Exercise procedure is provided as a convenience and as a protection against inadvertent expiration of an Option. Because any exercise of an Option is normally your responsibility, you hereby waive any claims against the Company or any of its employees or agents if an Automatic Exercise does not occur for any reason and the Option expires.

- (i) **Compliance with Laws and Regulations.** Notwithstanding anything to the contrary in this Agreement, the Company will not be obligated to issue any Shares under this Agreement or allow the exercise of the Options by the Participant if doing so violates or is not in compliance with any laws, rules or regulations of the United States or any state or country. The Participant understands that, if applicable, the laws of the country where the Participant is working at the time of grant, vesting, and/or exercise of the Options (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of the Options or may subject the Participant to additional procedural or

regulatory requirements that the Participant is solely responsible for and that the Participant will have to independently fulfill. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, awards under the Plan, and any Shares acquired under the Plan, if the Company determines the requirement is necessary or advisable to comply with applicable law or facilitate the administration of the Plan.

- (j) **Participant Covenants and Forfeiture and Clawback Provisions.** The Participant acknowledges and agrees that the Options, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested Options or the net after-tax income or the pre-tax value, from the disposition of any Shares received upon settlement of vested Options, to the extent required by applicable law and/or the Company's Recoupment of Incentive-Based Compensation Policy 40-05 ("**Clawback Policy**"), or if the Committee, in its sole discretion, determines that the Participant:
- (i) Has engaged in any activity in violation of Company policies, including the Company's Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or an Affiliate; or
  - (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant's work responsibilities with the Company or an Affiliate);
  - (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant's employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto); or
  - (v) Violates the non-competition covenant set forth in Appendix A of this Agreement (the "**Non-Competition Covenant**") at any time during the Participant's employment and for 12 months after termination of his or her employment.

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the Options, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARD IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED UPON SETTLEMENT OF EXERCISED OPTIONS OR THE GROSS TAXABLE PROCEEDS FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF EXERCISED OPTIONS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS PARAGRAPH DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (k) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(j), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(j)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to

specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or an Affiliate's rights under subsection 2(j) or any other remedies of the Company or an Affiliate, if the Participant breaches any covenant described in subsection 2(j), the Company will have the right to cancel this Agreement.

- (l) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (m) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company's tax equalization program or the Company's policies with respect to travel and business expenses, and if the Participant has not satisfied such obligation(s), then the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on exercise of the Options (to the extent such Shares are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.
- (n) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company or an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw this consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case will not be less stringent than this subsection 2(n).
- (o) **Governing Law.** This Agreement is governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
- (p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions. The Participant also acknowledges that the Options awarded under to this Agreement must be exercised prior to the expiration date, that it is the Participant's responsibility to exercise the Options, and that the Company has no further responsibility to notify the Participant of the expiration of the Options.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO

(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: ###GRANT\_DATE###

Enclosures

**Appendix A**  
**Non-Competition Covenant**

1. Definitions.

- (i) “**Competing Products**” means products or services sold by the Company and/or an Affiliate<sup>1</sup>, or any prospective product or service the Company and/or an Affiliate took steps to develop, and for which the Participant had any responsibility during the 24 months preceding the termination of the Participant’s employment;
- (ii) “**Restricted Territory**” means the geographic territory over which the Participant had responsibility during the 24 months preceding the termination of the Participant’s employment.

2. Non-Competition.

During the Participant’s employment and for 12 months after termination of the Participant’s employment, the Participant will not directly or indirectly, on behalf of the Participant or in conjunction with any other person or entity:

- (i) own, invest in, or provide financing to any business that sells Competing Products in the Restricted Territory;
- (ii) work in the Restricted Territory for any person or entity that sells Competing Products, in any role: (1) that is similar to any position the Participant held with the Company and an Affiliate during the 24 months preceding the termination of the Participant’s employment, (2) that is executive, leadership, managerial, or strategic in nature, or (3) that may cause the Participant to inevitably rely upon or disclose the Company’s and/or an Affiliate’s confidential or proprietary information or trade secrets.

3. Jurisdiction and Other Specific Requirements. A Participant residing in a jurisdiction identified on Exhibit 1 will be subject to the jurisdiction-specific and other applicable requirements set forth on Exhibit 1.

4. Subsequent Employment Protocol. During the Participant’s employment and for 12 months after termination of the Participant’s employment, prior to accepting employment with any person or entity, the Participant will provide the Participant’s prospective employer with a copy of this Agreement, which includes the Participant Obligations. Additionally, at least 7 days before accepting subsequent employment, the Participant will notify the Company of the Participant’s prospective employer’s name, address and telephone number, and a description of the job duties and geographic location for which the Participant is being considered.

5. Certifications. By executing this Agreement, which includes the Participant Obligations set forth above, the Participant certifies that the Participant: (a) has not and will not use or disclose to the Company or an Affiliate any confidential information and/or trade secrets belonging to others, including the Participant’s prior employers; (b) will not use any prior inventions made by the Participant and which the Company and an Affiliate is not legally entitled to learn of or use; and (c) is not subject to any prior agreements that would prevent the Participant from fully performing the Participant’s duties for the Company and an Affiliate.

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<sup>1</sup> This term carries the same meaning as how it is defined in Xylem’s Omnibus Incentive Plan.

**Exhibit 1**  
**State and Other Specific Requirements**

**COLORADO**

Paragraph 2(g)(v) does not apply unless the employee who, when the covenant not to compete is signed and when it is enforced, earns at least \$130,904,091 as of 2026 (adjusted on a yearly basis). Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2026 (adjusted on a yearly basis).

**DISTRICT OF COLUMBIA**

Paragraph 2(g)(v) does not apply to employees earning less than \$158,800 in 2026. This amount may increase each calendar year according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical Area.

**GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company and/or an Affiliate does business.

**ILLINOIS**

Paragraph 2(g)(v) does not apply unless the employee's annual compensation exceeds \$75,000 per year (next statutory increase occurs in 2027). Paragraph 2(g)(iv) does not apply unless the employee's annual compensation exceeds \$45,000 per year (next statutory increase occurs in 2027).

**LOUISIANA**

For employees who perform work in Louisiana, Paragraphs 2(g)(iv) and 2(g)(v) shall only apply in the St Tammany Parish.

**MAINE**

For employees residing in Maine when this Agreement is signed, Paragraphs 2(g)(iv) and 2(g)(v) do not take effect until 6 months after the Agreement is signed, or 12 months after the employee's start of employment with the Company and/or an Affiliate for 12 months, whichever is later.

**MARYLAND**

Paragraph 2(g)(v) does not apply if the employee earns equal to or less than (a) \$23.15 per hour; or (b) \$48,204 annually, in 2026.

**MASSACHUSETTS**

For employees working in Massachusetts, Paragraph 2(o) of the Agreement will not apply. Further, if the Company chooses to enforce the non-competition provisions set forth in Paragraph 2(g)(v) of the Agreement, then the Company will continue to pay the employee at least 50% of the employee's highest base salary that the employee earned at the Company or an Affiliate (as applicable) in the 2 years before the end of employee's employment. The Company will pay this amount for 12 months following the employee's termination. The restriction set forth in Paragraph 2(g)(v) of the Agreement will not apply if the employee is involuntarily terminated without cause.

#### **NEVADA**

Paragraph 2(g)(v) does not apply if the employee is paid solely on an hourly wage basis, exclusive of any tips or gratuities.

#### **NEW HAMPSHIRE**

Paragraph 2(g)(v) does not apply if the employee earns an hourly rate less than or equal to 200 percent of the federal minimum wage.

#### **NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement (including the Participant Obligations incorporated herein), Paragraphs 2(g)(iv) and 2(g)(v) will not apply.

#### **OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement (including the Participant Obligations incorporated herein), Paragraph 2(g)(v) will not apply and Paragraph 2(g)(iv) will only apply to the extent that Paragraph prohibits the employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company and/or an Affiliate.

#### **OREGON**

For employees residing in Oregon when they sign this Agreement (including the Participant Obligations incorporated herein), the Company shall provide a copy of a signed, written copy of the Agreement (including the Participant Obligations incorporated herein) within 30 days after the date of termination of the employee's employment with the Company or an Affiliate, as applicable. Paragraph 2(g)(v) shall only apply if the total amount of the employee's annual compensation, at the time of the employee's termination, exceeds \$119,920 in 2026, adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items).

#### **VIRGINIA**

Paragraph 2(g)(v) does not apply if an employee's average weekly earnings are less than the average weekly wage of the Commonwealth as determined pursuant to subsection B of § 65.2-500.

#### **WASHINGTON**

For employees residing in Washington, Paragraph 2(o) will not apply. Further, if an employee is terminated as the result of a layoff, and the Company chooses to enforce the non-competition provisions set forth in Paragraph 2(g)(v) of the Agreement, then the Company or an Affiliate, as applicable, will continue to pay the Employee's base salary for twelve months following the layoff, less any earnings the employee has received from the employee's then-current employer. Paragraph 2(g)(v) shall only apply if the employee's earnings, when annualized, exceed \$127,100 in 2026, to be adjusted for inflation.

**XYLEM**  
**2011 OMNIBUS INCENTIVE PLAN**

**“[YEAR]” NON-QUALIFIED STOCK OPTION GRANT AGREEMENT**

This Agreement (the “**Agreement**”) between Xylem Inc. (the “**Company**”) and **###PARTICIPANT\_NAME###** (the “**Participant**”) is effective as of **###GRANT\_DATE###**. Terms used in this Agreement that are not defined in this Agreement are defined in the Company’s 2011 Omnibus Incentive Plan (Amended and Restated February 24, 2016) (the “**Plan**”). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant’s valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the “**Committee**”), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Non-Qualified Stock Options.** The Company confirms the grant on **###GRANT\_DATE###**, (the “**Grant Date**”) to the Participant of the option to purchase from the Company all or any part of an aggregate of **###TOTAL\_AWARDS###** Shares (the “**Options**”), at the purchase price of **###GRANT\_PRICE###** per Share (the “**Exercise Price**”).

**Nature of the Grant:**

- (a) The grant of Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past. All decisions with respect to future grants will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The Options are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the Options resulting from the termination of the Participant’s employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the Options or of any amounts due to the Participant on exercise of the Options or on the subsequent sale of any Shares acquired on exercise.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** The Options are subject to the following additional terms and conditions:

- (a) **Expiration Date.** The Options will expire on **###EXPIRY\_DATE###**, or, if the Participant’s employment terminates before that date, on the date specified in subsection 2(e) below.
- (b) **Exercise of Options.** The Options cannot be exercised until vested.
- (c) **Vesting.** Options will vest if the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the vesting date. Active employment does not include any potential severance period.

Subject to subsections 2(a), 2(d), and 2(e), the Options will vest in installments on the dates set forth in the vesting schedule below (each, a “Vesting Date”), subject to the Participant’s continued active employment:

**###VEST\_SCHEDULE\_TABLE###**

(d) **Effect of Change in Control.** In the event of a Change in Control prior to the Vesting Date, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding Options, then the unvested Options will continue to vest based on the Options' service-based vesting criteria until the Vesting Date. If the Participant's active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant (for applicable Participants only) for Good Reason within 2 years of a Change in Control, any unvested and any converted Options will become 100% vested on the termination date. Any vested Options will expire on the earlier of **###EXPIRY\_DATE###**, or the date **3 months** after the Participant's termination of active employment. If the participant is Retirement Eligible as specified in subsection 2(e) below, any vested Options will expire on the earlier of **###EXPIRY\_DATE###**, or the date **3 years** after the Participant's termination of active employment.

**"Cause"** means (i) the Participant's willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant's incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. "Willful" means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

**"Good Reason"** means (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant's position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to the Company's or an Affiliate's employees who are, at the time of termination of employment, covered by the Xylem Enhanced Severance Plan and will exclude isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

(e) **Effect of Termination of Employment.** Options will only vest while the Participant is actively employed by the Company or an Affiliate. If the Participant's active employment with the Company or an Affiliate is terminated for any reason prior to the Vesting Date, and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("**Section 409A**"), subject to subsection 2(d), the following would apply to any outstanding Options:

(i) Termination due to Death or Disability. Any unvested Options will immediately become 100% vested on the Participant's termination of employment. Any vested Options will expire on the earlier of **###EXPIRY\_DATE###**, or the date **3 years** after the Participant's termination of employment.

(ii) Termination due to Retirement. Any unvested Options with a Grant Date that is 12 months or more prior to the Participant's Retirement will continue to vest in accordance with the original vest schedule, subject to the terms of the Plan and this Agreement. Any unvested Options with a Grant Date that is less than 12 months prior to the Participant's Retirement will automatically be forfeited. Any vested Options will expire on the applicable **###EXPIRY\_DATE###**.

(iii) Termination other than for Death, Disability and Retirement. Any unvested Options will automatically forfeit on the date of the Participant's termination of employment. Any vested Options will expire on

the earlier of the applicable **###EXPIRY\_DATE###**, or the date **3 months** after the Participant's termination of employment.

**"Disability"** means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Company based on evidence, including independent medical reports and data, as deemed appropriate or necessary.

**"Retirement"** means the termination of the Participant's employment (either by the Company or an Affiliate, or the Participant), if, at the time of such termination, the Participant (a) is at least age 55 and has completed at least 10 years of service with the Company or an Affiliate, or (b) is at least age 62 and has completed at least 5 years of service with the Company or an Affiliate.

- (f) **Payment of Exercise Price.** Permissible methods for payment of the Exercise Price on exercise of the Options are described in Section 6.6 of the Plan, or, if the Plan is amended, successor provisions. In addition to the methods of exercise permitted by Section 6.6 of the Plan, the Participant may exercise all or part of the Options by way of (i) broker-assisted cashless exercise in a manner consistent with the Federal Reserve Board's Regulation T, unless the Committee determines that this is prohibited by law, or (ii) net-settlement, where the Participant directs the Company to withhold Shares that otherwise would be issued upon exercise of the Options having an aggregate Fair Market Value on the date of the exercise equal to the Exercise Price, or the portion being exercised by way of net-settlement (rounding up to the nearest whole Share).
- (g) **Tax Withholding.** The Company will have the power and the right to deduct or withhold, or require the Participant to remit to the Company, all applicable federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to the exercise of the Options. The Participant may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares that otherwise would be issued upon exercise of the Options, with the number of Shares withheld having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction (or such other amount that will not cause an adverse accounting consequence or cost) (rounding up to the nearest whole Share). Any election will be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.
- (h) **Automatic Exercise in Certain Circumstances.** Subject to subsection 2(i) of this Agreement, at close of business on the expiration date (or the preceding trading day if the expiration date is not a trading day), if the Exercise Spread Test (defined below) is met, the Option will be automatically exercised using the "net exercise" method described below, without regard to the notice requirement and with additional Shares retained for purposes of satisfying the applicable tax withholdings (the "Automatic Exercise"). The Option satisfies the "Exercise Spread Test" if the per Share spread between the closing price of the Company's common stock and the Grant Price (the "Exercise Spread") on the expiration date is at least one dollar. If the Exercise Spread Test is not satisfied, the unexercised portions of the Option will expire as of close of business on the expiration date.

An Automatic Exercise will not occur if the Participant (and, if applicable, the Participant's authorized legal representative) waives this subsection 2(h) in writing.

The Automatic Exercise procedure is provided as a convenience and as a protection against inadvertent expiration of an Option. Because any exercise of an Option is normally your responsibility, you hereby waive any claims against the Company or any of its employees or agents if an Automatic Exercise does not occur for any reason and the Option expires.

- (i) **Compliance with Laws and Regulations.** Notwithstanding anything to the contrary in this Agreement, the Company will not be obligated to issue any Shares under this Agreement or allow the exercise of the Options by the Participant if doing so violates or is not in compliance with any laws, rules or regulations of the United States or any state or country. The Participant understands that, if applicable, the laws of the country where the Participant is working at the time of grant, vesting, and/or exercise of the Options (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of the Options or may subject the Participant to additional procedural or

regulatory requirements that the Participant is solely responsible for and that the Participant will have to independently fulfill. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, awards under the Plan, and any Shares acquired under the Plan, if the Company determines the requirement is necessary or advisable to comply with applicable law or facilitate the administration of the Plan.

- (j) **Participant Covenants and Forfeiture and Clawback Provisions.** The Participant acknowledges and agrees that the Options, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested Options or the net after-tax income, or the pre-tax value, from the disposition of any Shares received upon settlement of vested Options, to the extent required by applicable law and/or the Company's Recoupment of Incentive-Based Compensation Policy 40-05 ("**Clawback Policy**"), or if the Committee, in its sole discretion, determines that the Participant:
- (i) Has engaged in any activity in violation of Company policies, including the Company's Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or its Affiliates; or
  - (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant's work responsibilities with the Company or an Affiliate); or
  - (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant's employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto).

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the Options, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARD IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED UPON SETTLEMENT OF EXERCISED OPTIONS OR THE GROSS TAXABLE PROCEEDS FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF EXERCISED OPTIONS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS PARAGRAPH DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (k) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(j), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(j)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or an Affiliate's rights under subsection 2(j) or any other remedies of the Company or an Affiliate, if the

Participant breaches any covenant described in subsection 2(j), the Company will have the right to cancel this Agreement.

- (l) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (m) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company's tax equalization program or the Company's policies with respect to travel and business expenses, and if the Participant has not satisfied such obligation(s), then the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on exercise of the Options (to the extent such Shares are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.
- (n) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company or an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw this consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case, will not be less stringent than subsection 2(k).
- (o) **Governing Law.** This Agreement is governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
- (p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions. The Participant also acknowledges that the Options awarded under to this Agreement must be exercised prior to the expiration date, that it is the Participant's responsibility to exercise the Options, and that the Company has no further responsibility to notify the Participant of the expiration of the Options.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO

(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: ###GRANT\_DATE###

Enclosures

**EXHIBIT 1**

**STATE AND OTHER SPECIFIC REQUIREMENTS ADDENDUM**

**CALIFORNIA**

For employees residing in California at the time of execution of this Agreement, Paragraphs 2(g)(iv) and Paragraph 2(o) will not apply.

**COLORADO**

Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2026 (adjusted on a yearly basis).

**GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company does business.

**ILLINOIS**

Paragraph 2(g)(iv) does not apply unless the employee's actual or expected rate of earnings exceeds \$45,000 per year (next statutory increase occurs in 2027).

**LOUISIANA**

For employees who perform work in Louisiana, Paragraph 2(g)(iv) shall only apply in the St Tammany Parish.

**NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement, Paragraph 2(g)(iv) will not apply.

**OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement, Paragraph 2(g)(iv) will only apply to the extent it prohibits the Employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company.

**OREGON**

For employees residing in Oregon at the time of execution of this Agreement, the Company shall provide a copy of this Agreement to the employees at least two weeks before the employees begin work and must sign this Agreement as a condition of employment. The Company also must provide the employee a signed, written copy of the Agreement within 30 days after the date of termination of the employee's employment with the Company.

**XYLEM**  
**2011 OMNIBUS INCENTIVE PLAN**

**2026 PERFORMANCE SHARE UNIT GRANT AGREEMENT FOR EXECUTIVE LEADERSHIP TEAM**

This Agreement (the “**Agreement**”) between Xylem Inc. (the “**Company**”) and **###PARTICIPANT\_NAME###** (the “**Participant**”) is effective as of **###GRANT\_DATE###**. Capitalized terms that are not defined in this Agreement are defined in the Company’s 2011 Omnibus Incentive Plan (Amended and Restated on February 24, 2016) (the “**Plan**”). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant’s valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the “**Committee**”), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Performance Share Units.** The Company confirms the grant on **###GRANT\_DATE###** (the “**Grant Date**”) to the Participant, the target number of **###TOTAL\_AWARDS###** Performance Share Units (“**PSUs**”). All PSUs granted under this Agreement are intended to be Performance Based Awards. The PSUs are notional units of measurement denominated in Shares of common stock (*i.e.*, one PSU is equivalent in value to one Share of common stock of the Company).

The PSUs represent an unfunded, unsecured right to receive Shares and dividend equivalent payments in the future if the conditions in the Plan and this Agreement are satisfied.

**Nature of the Grant:**

- (a) The grant of the PSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past. All decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The PSUs and the Shares subject to the PSUs, are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from the termination of the Participant’s employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to the Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** The PSUs are subject to the following additional terms and conditions:

- (a) **Restrictions.** Except as otherwise provided in the Plan and this Agreement, the PSUs cannot be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture.

- (b) **Voting and Dividend Equivalent Rights.** The Participant will not have any privileges of a shareholder of the Company with respect to the PSUs, including without limitation any right to vote such Shares or to receive dividends, unless and until Shares are delivered to the Participant on the vesting of the PSUs. Dividend equivalents will be earned for each PSU that vests and the amount will equal the total dividends declared on a Share, where the record date of the dividend is between the Grant Date of this Award and the date a Share is issued on vesting of the PSU. Any dividend equivalents earned will be paid in cash to the Participant as and when the Shares subject to the vested PSUs are issued. No dividend equivalents will be earned or paid with respect to any portion of the PSUs that are not earned and/or do not vest. Dividend equivalents will not accrue interest.
- (c) **Earning of PSUs.** The Participant can earn between 0% and 200% of the target number of PSUs granted under this Agreement, with vesting to be based on the achievement of a pre-set 3-year Adjusted Cumulative Earnings Per Share (“**EPS**”) performance target, and a 3-year Xylem Total Shareholder Return (“**TSR**”) relative to companies in the S&P 500 Industrial Index (Peers) pursuant to the performance scales set forth on Exhibit A, by the end of the 3-year performance period covering fiscal years 2026-2028 (the “**Performance Period**”). The Committee will determine and certify the results of the level of achievement against such targets and the associated number of PSUs earned as described in Exhibit A.

**Vesting and Payment.** Any earned PSUs will vest on **March 1, 2029** (the “**Vesting Date**”) so long as the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the Vesting Date. Active employment does not include any potential severance period.

Except as provided in subsection 2(h), on vesting of the PSUs, including vesting pursuant to subsections 2(d) or 2(e), the Company will deliver to the Participant (i) one Share for each vested PSU, with any fractional Shares resulting from proration pursuant to subsection 2(d) and 2(e) to be rounded to the nearest whole Share, and (ii) an amount in cash attributable to dividend equivalents earned in accordance with subsection 2(b), less Shares withheld in accordance with subsection 2(f).

- (d) **Effect of Change in Control.** In the event of a Change in Control prior to the end of the Performance Period, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding PSUs, any unvested PSUs will be deemed to have satisfied all applicable performance targets at the target level (i.e. 100%), and will be converted to service-based restricted stock units, which will continue to vest based on the PSUs’ service-based vesting criteria until the Vesting Date.

If the Participant’s active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant for Good Reason (for applicable Participants only) within 2 years of a Change in Control, any converted and any unvested PSUs will become 100% vested on the termination date.

If the acquiring or surviving company in the transaction does not assume or continue outstanding awards under the Plan, immediately prior to the Change in Control, any unvested PSUs will become 100% vested based on deemed performance at the target level (i.e. 100%).

“**Cause**” means (i) the Participant’s willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant’s incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. “**Willful**” means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

“**Good Reason**” means, without the Participant’s express written consent (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant’s position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to the Company or an Affiliate's employees who are at the time of termination of employment, or were at any time during the 2 year period immediately preceding the Change in Control, covered by the Xylem Special Senior Executive Severance Plan and will exclude an isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

- (e) **Effect of Termination of Employment.** Earned PSUs will only vest if the Participant is actively employed by the Company or an Affiliate through the Vesting Date. If the Participant's active employment is terminated for any reason prior to the Vesting Date, and the termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("**Section 409A**"), subject to subsection 2(d), the following would apply to any unvested PSUs:

(i) Termination due to Death, Disability, or Retirement. A prorated portion (as described below) of the unvested PSUs will remain outstanding and therefore continue to be eligible to vest based on actual Company performance during the Performance Period. A prorated portion (as described below) of the earned PSUs will be paid out on the Vesting Date.

(ii) Termination other than for Death, Disability, or Retirement. All PSUs will automatically be forfeited.

"**Disability**" means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

"**Retirement**" means the termination of the Participant's employment (either by the Company or an Affiliate, or the Participant), if, at the time of such termination, the Participant (a) is at least age 55 and has completed at least 10 years of service with the Company or an Affiliate, or (b) is at least age 62 and has completed at least 5 years of service with the Company or an Affiliate.

**Prorated Vesting.** The prorated portion of the PSUs that vests on the Vesting Date following the Participant's Death, Disability or Retirement (or while Retirement Eligible) will be determined by multiplying the total number of PSUs the Participant would have earned based on actual performance by a fraction, of which the numerator is the number of months (not to exceed 36) the Participant had been continually employed since the beginning of the Performance Period until his, her or their Death, Disability or Retirement and the denominator is 36.

- (f) **Tax Withholding.** The Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the PSUs and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld on delivery of the Shares and payment of dividend equivalents will be satisfied by withholding a number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld (or such other amount that will not cause an adverse accounting consequence or cost). If this withholding would result in a fractional Share being withheld, the number of Shares withheld will be rounded up to the nearest whole Share. If FICA taxes are required to be withheld while the PSUs are outstanding, the withholding will be made in a manner determined by the Company.
- (g) **Participant Covenants and Forfeiture and Clawback Provisions.** The Participant acknowledges and agrees that the PSUs, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested PSUs or the net after-tax income, or the pre-tax value, from any disposition of any Shares received upon settlement of vested PSUs, to the extent required by applicable law and/or the Company's Recoupment of Incentive-Based Compensation Policy 40-05 ("**Clawback Policy**"), or if the Committee, in its sole discretion, determines that the Participant:
- (i) Has engaged in any activity in violation of Company policies, including the Company's Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or an Affiliate; or

- (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant's work responsibilities with the Company or an Affiliate);
- (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant's employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto); or
- (v) Violates the non-competition covenant set forth in Appendix A of this Agreement (the "**Non-Competition Covenant**") at any time during the Participant's employment and for 12 months after termination of his or her employment.

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the PSUs to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARD IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED ON SETTLEMENT OF VESTED PSUS OR THE NET AFTER-TAX INCOME FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED PSUS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS PARAGRAPH DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (h) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(g), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(g)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or the Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or Affiliate's rights under subsection 2(g) or any other remedies of the Company or an Affiliate, if the Participant breaches any covenant described in subsection 2(g), the Company will have the right to cancel this Agreement.
- (i) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (j) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company's tax equalization program or the Company's policies with respect to travel

and business expenses, and the Participant has not satisfied these obligation(s), the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on settlement of the PSUs (to the extent such PSUs are not subject to Code Section 409A), or the Company may deduct funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.

- (k) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company and an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case will not be less stringent than this subsection 2(k).
- (l) **Stock Ownership Guidelines.** If the Participant is or becomes subject to the Company's Stock Ownership Guidelines and applicable retention requirements, the Participant may be limited in selling Shares obtained upon settlement of the PSUs.
- (m) **Clawback Policy.** If the Participant is covered by the Company's Clawback Policy, the Participant agrees that the PSUs are subject to the Policy and may be subject to recovery (in whole or in part) by the Company. The Participant agrees that the Clawback Policy may be amended from time to time by the Committee, including amendments to comply with applicable laws, regulations or stock exchange listing requirements.
- (n) **Section 409A Compliance.** It is intended that the Plan and this Agreement comply with the requirements of Section 409A to the extent applicable and the Plan and this Agreement will be interpreted accordingly.
- (i) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, and if the Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Participant's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed (along with the cash value of all dividend equivalents that would be payable) on the Participant's separation from service, will instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Participant's separation from service or (y) the Participant's death.
- (ii) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, upon an Change in Control that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the PSUs will

vest at the time of the Change in Control, but distribution of any PSUs (or related dividend equivalents) that constitute deferred compensation for the purposes of Section 409A will not be accelerated (i.e., distribution will occur when it would have occurred absent the Change in Control).

- (o) **Governing Law.** This Agreement will be governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
- (p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO

(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: **###GRANT\_DATE###**

Enclosures

**Exhibit A**  
**Performance Share Units**

For the 2026-2028 performance period, the LDCC has decided that the PSUs will be granted at Target (100%) with actual payout (0%-200% of target) contingent upon the achievement of the following:

- **50% based on a three-year Adjusted Cumulative EPS performance target.** This will link our executives' compensation to an important measure in building long-term value for shareholders by focusing on driving cost synergies and profitable growth.
- **50% based on three-year TSR relative to S&P 500 Industrial Index (Peers).** This will link our executives' compensation to shareholder value creation.

**2026-2028 Performance Targets and Payout Scale**

The payout scales for performance metrics below provide for PSUs to be earned above 100% for above target performance and below 100% for below target performance. For EPS, payout is capped at 100% if 3-year compound annual growth rate ("CAGR") is < 5%. For Relative TSR, payout is capped at 100% if Xylem's 3-year TSR is negative.

	EPS <sup>1</sup>		Relative TSR <sup>2</sup>	
	3-Year Cumulative Actual	Payout % <sup>3</sup>	3-Year %ile Rank	Payout % <sup>3</sup>
<b>Maximum Payout</b>	\$x	x%	x <sup>th</sup>	x%
<b>Above Plan</b>	\$x	x%	x <sup>th</sup>	x%
	\$x	x%	x <sup>th</sup>	x%
	\$x	x%	x <sup>th</sup>	x%
<b>Plan/Target</b>	\$x	100%	x <sup>th</sup>	100%
<b>Below Plan</b>	\$x	x%	x <sup>th</sup>	x%
	\$x	x%	x <sup>th</sup>	x%
	\$x	x%	x <sup>th</sup>	x%
	\$x	x%	x <sup>th</sup>	x%
<b>Threshold</b>	\$x	x%	x <sup>th</sup>	x%
<b>Below Threshold</b>	<\$x	0%	<x <sup>th</sup>	0%

**Appendix A**  
**Non-Competition Covenant**

1. Definitions.

- (i) “**Competing Products**” means products or services sold by the Company and/or an Affiliate<sup>1</sup>, or any prospective product or service the Company and/or an Affiliate took steps to develop, and for which the Participant had any responsibility during the 24 months preceding the termination of the Participant’s employment;
- (ii) “**Restricted Territory**” means the geographic territory over which the Participant had responsibility during the 24 months preceding the termination of the Participant’s employment.

2. Non-Competition.

During the Participant’s employment and for 12 months after termination of the Participant’s employment, the Participant will not directly or indirectly, on behalf of the Participant or in conjunction with any other person or entity:

- (i) own, invest in, or provide financing to any business that sells Competing Products in the Restricted Territory;
- (ii) work in the Restricted Territory for any person or entity that sells Competing Products, in any role: (1) that is similar to any position the Participant held with the Company and an Affiliate during the 24 months preceding the termination of the Participant’s employment, (2) that is executive, leadership, managerial, or strategic in nature, or (3) that may cause the Participant to inevitably rely upon or disclose the Company’s and/or an Affiliate’s confidential or proprietary information or trade secrets.

3. Jurisdiction and Other Specific Requirements. A Participant residing in a jurisdiction identified on Exhibit 1 will be subject to the jurisdiction-specific and other applicable requirements set forth on Exhibit 1.

4. Subsequent Employment Protocol. During the Participant’s employment and for 12 months after termination of the Participant’s employment, prior to accepting employment with any person or entity, the Participant will provide the Participant’s prospective employer with a copy of this Agreement, which includes the Participant Obligations. Additionally, at least 7 days before accepting subsequent employment, the Participant will notify the Company of the Participant’s prospective employer’s name, address and telephone number, and a description of the job duties and geographic location for which the Participant is being considered.

5. Certifications. By executing this Agreement, which includes the Participant Obligations set forth above, the Participant certifies that the Participant: (a) has not and will not use or disclose to the Company or an Affiliate any confidential information and/or trade secrets belonging to others, including the Participant’s prior employers; (b) will not use any prior inventions made by the Participant and which the Company and an Affiliate is not legally entitled to learn of or use; and (c) is not subject to any prior agreements that would prevent the Participant from fully performing the Participant’s duties for the Company and an Affiliate.

**Exhibit 1**  
**State and Other Specific Requirements**

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<sup>1</sup> This term carries the same meaning as how it is defined in Xylem’s Omnibus Incentive Plan.

## **COLORADO**

Paragraph 2(g)(v) does not apply unless the employee who, when the covenant not to compete is signed and when it is enforced, earns at least \$130,904 as of 2026 (adjusted on a yearly basis). Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2026 (adjusted on a yearly basis).

## **DISTRICT OF COLUMBIA**

Paragraph 2(g)(v) does not apply to employees earning less than \$158,800 in 2026. This amount may increase each calendar year according to the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical Area.

## **GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company and/or an Affiliate does business.

## **ILLINOIS**

Paragraph 2(g)(v) does not apply unless the employee's annual compensation exceeds \$75,000 per year (next statutory increase occurs in 2027). Paragraph 2(g)(iv) does not apply unless the employee's annual compensation exceeds \$45,000 per year (next statutory increase occurs in 2027).

## **LOUISIANA**

For employees who perform work in Louisiana, Paragraphs 2(g)(iv) and 2(g)(v) shall only apply in the St Tammany Parish.

## **MAINE**

For employees residing in Maine when this Agreement is signed, Paragraphs 2(g)(iv) and 2(g)(v) do not take effect until 6 months after the Agreement is signed, or 12 months after the employee's start of employment with the Company and/or an Affiliate for 12 months, whichever is later.

## **MARYLAND**

Paragraph 2(g)(v) does not apply if the employee earns equal to or less than (a) \$23.15 per hour; or (b) \$48,204 annually, in 2026.

## **MASSACHUSETTS**

For employees working in Massachusetts, Paragraph 2(o) of the Agreement will not apply. Further, if the Company chooses to enforce the non-competition provisions set forth in Paragraph 2(g)(v) of the Agreement, then the Company will continue to pay the employee at least 50% of the employee's highest base salary that the employee earned at the Company or an Affiliate (as applicable) in the 2 years before the end of employee's employment. The Company will pay this amount for 12 months following the employee's termination. The restriction set forth in Paragraph 2(g)(v) of the Agreement will not apply if the employee is involuntarily terminated without cause.

## **NEVADA**

Paragraph 2(g)(v) does not apply if the employee is paid solely on an hourly wage basis, exclusive of any tips or gratuities.

#### **NEW HAMPSHIRE**

Paragraph 2(g)(v) does not apply if the employee earns an hourly rate less than or equal to 200 percent of the federal minimum wage.

#### **NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement (including the Participant Obligations incorporated herein), Paragraphs 2(g)(iv) and 2(g)(v) will not apply.

#### **OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement (including the Participant Obligations incorporated herein), Paragraph 2(g)(v) will not apply and Paragraph 2(g)(iv) will only apply to the extent that Paragraph prohibits the employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company and/or an Affiliate.

#### **OREGON**

For employees residing in Oregon when they sign this Agreement (including the Participant Obligations incorporated herein), the Company shall provide a copy of a signed, written copy of the Agreement (including the Participant Obligations incorporated herein) within 30 days after the date of termination of the employee's employment with the Company or an Affiliate, as applicable. Paragraph 2(g)(v) shall only apply if the total amount of the employee's annual compensation, at the time of the employee's termination, exceeds \$119,920 in 2026, adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items).

#### **VIRGINIA**

Paragraph 2(g)(v) does not apply if an employee's average weekly earnings are less than the average weekly wage of the Commonwealth as determined pursuant to subsection B of § 65.2-500.

#### **WASHINGTON**

For employees residing in Washington, Paragraph 2(o) will not apply. Further, if an employee is terminated as the result of a layoff, and the Company chooses to enforce the non-competition provisions set forth in Paragraph 2(g)(v) of the Agreement, then the Company or an Affiliate, as applicable, will continue to pay the Employee's base salary for twelve months following the layoff, less any earnings the employee has received from the employee's then-current employer. Paragraph 2(g)(v) shall only apply if the employee's earnings, when annualized, exceed \$127,100 in 2026, to be adjusted for inflation.

**XYLEM**  
**2011 OMNIBUS INCENTIVE PLAN**

**2026 PERFORMANCE SHARE UNIT GRANT AGREEMENT**

This Agreement (the “**Agreement**”) between Xylem Inc. (the “**Company**”) and **###PARTICIPANT\_NAME###** (the “**Participant**”) is effective as of **###GRANT\_DATE###**. Capitalized terms that are not defined in this Agreement are defined in the Company’s 2011 Omnibus Incentive Plan (Amended and Restated on February 24, 2016) (the “**Plan**”). This Agreement is only being provided in English. The Participant is an employee of the Company or an Affiliate. In recognition of the Participant’s valued services, the Company, through the Leadership Development and Compensation Committee of its Board of Directors (the “**Committee**”), is providing the Participant an inducement to remain employed and an incentive for increased efforts while employed. In consideration of the terms and conditions in this Agreement, the parties agree as follows:

1. **Grant of Performance Share Units.** The Company confirms the grant on **###GRANT\_DATE###** (the “**Grant Date**”) to the Participant, the target number of **###TOTAL\_AWARDS###** Performance Share Units (“**PSUs**”). All PSUs granted under this Agreement are intended to be Performance Based Awards. The PSUs are notional units of measurement denominated in Shares of common stock (*i.e.*, one PSU is equivalent in value to one Share of common stock of the Company).

The PSUs represent an unfunded, unsecured right to receive Shares and dividend equivalent payments in the future if the conditions in the Plan and this Agreement are satisfied.

**Nature of the Grant:**

- (a) The grant of the PSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of PSUs, or benefits in lieu of PSUs, even if PSUs have been granted in the past. All decisions with respect to future PSUs or other grants, if any, will be at the sole discretion of the Company;
- (b) The Participant is voluntarily participating in the Plan;
- (c) The PSUs and the Shares subject to the PSUs, are not part of normal or expected compensation for any purpose, including for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, pension or retirement or welfare benefits or similar payments;
- (d) Future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (e) No claim or entitlement to compensation or damages will arise from forfeiture of the PSUs resulting from the termination of the Participant’s employment; and
- (f) The Company will not be liable for any foreign exchange rate fluctuation between the Participant’s local currency and the United States Dollar that may affect the value of the PSUs or of any amounts due to the Participant pursuant to the settlement of the PSUs or the subsequent sale of any Shares acquired upon settlement.
- (g) Nothing in this Agreement or the Plan creates any right to continued employment or any right to a particular role, responsibilities, or compensation level.

2. **Terms and Conditions.** The PSUs are subject to the following additional terms and conditions:

- (a) **Restrictions.** Except as otherwise provided in the Plan and this Agreement, the PSUs cannot be sold, assigned, pledged, exchanged, transferred, hypothecated or encumbered, other than to the Company as a result of forfeiture.

- (b) **Voting and Dividend Equivalent Rights.** The Participant will not have any privileges of a shareholder of the Company with respect to the PSUs, including without limitation any right to vote such Shares or to receive dividends, unless and until Shares are delivered to the Participant on the vesting of the PSUs. Dividend equivalents will be earned for each PSU that vests and the amount will equal the total dividends declared on a Share, where the record date of the dividend is between the Grant Date of this Award and the date a Share is issued on vesting of the PSU. Any dividend equivalents earned will be paid in cash to the Participant as and when the Shares subject to the vested PSUs are issued. No dividend equivalents will be earned or paid with respect to any portion of the PSUs that are not earned and/or do not vest. Dividend equivalents will not accrue interest.
- (c) **Earning of PSUs.** The Participant can earn between 0% and 200% of the target number of PSUs granted under this Agreement, with vesting to be based on the achievement of a pre-set 3-year Adjusted Cumulative Earnings Per Share (“**EPS**”) performance target, and a 3-year Xylem Total Shareholder Return (“**TSR**”) relative to companies in the S&P 500 Industrial Index (Peers) pursuant to the performance scales set forth on Exhibit A, by the end of the 3-year performance period covering fiscal years 2026-2028 (the “**Performance Period**”). The Committee will determine and certify the results of the level of achievement against such targets and the associated number of PSUs earned as described in Exhibit A.

**Vesting and Payment.** Any earned PSUs will vest on **March 1, 2029** (the “**Vesting Date**”) so long as the Participant has been actively employed by the Company or an Affiliate from the Grant Date through the Vesting Date. Active employment does not include any potential severance period.

Except as provided in subsection 2(h), on vesting of the PSUs, including vesting pursuant to subsections 2(d) or 2(e), the Company will deliver to the Participant (i) one Share for each vested PSU, with any fractional Shares resulting from proration pursuant to subsection 2(d) and 2(e) to be rounded to the nearest whole Share, and (ii) an amount in cash attributable to dividend equivalents earned in accordance with subsection 2(b), less Shares withheld in accordance with subsection 2(f).

- (d) **Effect of Change in Control.** In the event of a Change in Control prior to the end of the Performance Period, if the acquiring or surviving company in the transaction assumes or continues any then-outstanding PSUs, any unvested PSUs will be deemed to have satisfied all applicable performance targets at the target level (i.e. 100%), and will be converted to service-based restricted stock units, which will continue to vest based on the PSUs’ service-based vesting criteria until the Vesting Date.

If the Participant’s active employment with the Company or an Affiliate is terminated by the Company or an Affiliate without Cause or by the Participant for Good Reason (for applicable Participants only) within 2 years of a Change in Control, any converted and any unvested PSUs will become 100% vested on the termination date.

If the acquiring or surviving company in the transaction does not assume or continue outstanding awards under the Plan, immediately prior to the Change in Control, any unvested PSUs will become 100% vested based on deemed performance at the target level (i.e. 100%).

“**Cause**” means (i) the Participant’s willful and continued failure to substantially perform his, her or their duties with the Company or an Affiliate (other than any such failure resulting from the Participant’s incapacity due to physical or mental illness) or (ii) the Participant willfully engaging in conduct that demonstrably and materially injures the Company or an Affiliate, monetarily or otherwise. “**Willful**” means the action is done or omitted in bad faith or without reasonable belief that the action or omission was in the best interests of the Company.

“**Good Reason**” means, without the Participant’s express written consent (i) a reduction in annual target total cash compensation (base salary and target bonus), (ii) the assignment of any duties inconsistent in any material adverse respect with the Participant’s position, authority, duties or responsibilities, (iii) any other action by the Company or an Affiliate which results in a material diminution in such position, authority, duties or responsibilities; or (iv) the Company or an Affiliate requiring the Participant to relocate to a work location 50 miles or more from the location where the Participant was principally working immediately prior to the Change in Control. The Participant must give notice within 90 days of any Good Reason event.

Good Reason only applies to the Company's or an Affiliate's employees who are at the time of termination of employment, or were at any time during the 2 year period immediately preceding the Change in Control, covered by the Xylem Enhanced Severance Plan and will exclude an isolated, insubstantial and inadvertent action not taken in bad faith that is resolved by the Company or an Affiliate within 30 days of receiving notice.

- (e) **Effect of Termination of Employment.** Earned PSUs will only vest if the Participant is actively employed by the Company or an Affiliate through the Vesting Date. If the Participant's active employment is terminated for any reason prior to the Vesting Date, and the termination constitutes a "separation from service" within the meaning of Section 409A of the Code and any related regulations or other effective guidance promulgated thereunder ("**Section 409A**"), subject to subsection 2(d), the following would apply to any unvested PSUs:

(i) Termination due to Death, Disability, or Retirement. A prorated portion (as described below) of the unvested PSUs will remain outstanding and therefore continue to be eligible to vest based on actual Company performance during the Performance Period. A prorated portion (as described below) of the earned PSUs will be paid out on the Vesting Date.

(ii) Termination other than for Death, Disability, or Retirement. All PSUs will automatically be forfeited.

"**Disability**" means the complete and permanent inability of the Participant to perform all duties under the terms of his, her or their employment, as determined by the Committee upon the basis of such evidence, including independent medical reports and data, as the Committee deems appropriate or necessary.

"**Retirement**" means the termination of the Participant's employment (either by the Company or an Affiliate, or the Participant), if, at the time of such termination, the Participant (a) is at least age 55 and has completed at least 10 years of service with the Company or an Affiliate, or (b) is at least age 62 and has completed at least 5 years of service with the Company or an Affiliate.

**Prorated Vesting.** The prorated portion of the PSUs that vests on the Vesting Date following the Participant's Death, Disability or Retirement (or while Retirement Eligible) will be determined by multiplying the total number of PSUs the Participant would have earned based on actual performance by a fraction, of which the numerator is the number of months (not to exceed 36) the Participant had been continually employed since the beginning of the Performance Period until his, her or their Death, Disability or Retirement and the denominator is 36.

- (f) **Tax Withholding.** The Company may make such provisions and take such actions as it may deem necessary for the withholding of all applicable taxes attributable to the PSUs and any related dividend equivalents. Unless the Committee determines otherwise, the minimum statutory tax withholding required to be withheld on delivery of the Shares and payment of dividend equivalents will be satisfied by withholding a number of Shares having an aggregate Fair Market Value equal to the minimum statutory tax required to be withheld (or such other amount that will not cause an adverse accounting consequence or cost). If this withholding would result in a fractional Share being withheld, the number of Shares withheld will be rounded up to the nearest whole Share. If FICA taxes are required to be withheld while the PSUs are outstanding, the withholding will be made in a manner determined by the Company.
- (g) **Participant Covenants and Forfeiture and Clawback Provisions.** The Participant acknowledges and agrees that the PSUs, whether previously vested or not, may be cancelled in full, and the Participant may be required to return to the Company any Shares received on settlement of vested PSUs or the net after-tax income, or the pre-tax value, from any disposition of any Shares received upon settlement of vested PSUs, to the extent required by applicable law and/or the Company's Recoupment of Incentive-Based Compensation Policy 40-05 ("**Clawback Policy**"), or if the Committee, in its sole discretion, determines that the Participant:
- (i) Has engaged in any activity in violation of Company policies, including the Company's Code of Conduct;
  - (ii) Has engaged in conduct materially adverse to the best interests of the Company or an Affiliate; or

- (iii) Uses, discloses, misappropriates or transfers confidential or proprietary information concerning the Company or an Affiliate (except as required by the Participant's work responsibilities with the Company or an Affiliate);
- (iv) Directly or indirectly, hires or solicits or arranges for the hiring or solicitation of any employee or customer of the Company or an Affiliate, or encourages any employee to leave the Company or an Affiliate any time during the Participant's employment and for 12 months after termination of his or her employment (subject to applicable restrictions included in Exhibit 1 attached hereto).

The Participant agrees, understands and acknowledges that the scope and duration of the Participant obligations contained in this Agreement are reasonable and necessary to protect a legitimate, protectable interest of the Company and an Affiliate, and that the Committee, in its sole discretion, may require the Participant, as a condition to lapsing any restrictions on the PSUs, to acknowledge in writing that the Participant has not engaged, and is not in the process of engaging, in any of the activities described in this subsection.

The obligations in this subsection are in addition to any other agreements related to non-competition, non-solicitation and preservation of Company confidential and proprietary information entered into between the Participant and the Company, or otherwise applicable to the Participant, and nothing in this Agreement is intended to waive, modify, alter or amend the terms of any such other agreement. THE PARTICIPANT UNDERSTANDS THAT THIS SUBSECTION IS NOT INTENDED TO AND DOES NOT PROHIBIT THE CONDUCT DESCRIBED, BUT PROVIDES FOR THE CANCELLATION OF THE AWARD IN FULL AND A RETURN TO THE COMPANY OF ANY SHARES RECEIVED ON SETTLEMENT OF VESTED PSUS OR THE NET AFTER-TAX INCOME FROM THE DISPOSITION OF ANY SHARES RECEIVED UPON SETTLEMENT OF VESTED PSUS IF THE PARTICIPANT SHOULD CHOOSE TO VIOLATE THIS PARAGRAPH DURING THE OBLIGATION PERIOD. Nothing in this Agreement prohibits the Participant from voluntarily communicating, without notice to or approval by the Company, with any federal government agency about a potential violation of a federal law or regulation.

- (h) **Injunctive Action.** The Participant acknowledges that if the Participant violates the terms of subsection 2(g), the injury that would be suffered by the Company and/or an Affiliate as a result of a breach of the provisions of this Agreement (including any covenant described in subsection 2(g)) would be irreparable and that an award of monetary damages to the Company and/or an Affiliate for such a breach would be an inadequate remedy. Consequently, the Company and/or an Affiliate shall have the right, in addition to any other rights it may have, including the right to forfeiture and clawback under this Agreement and/or the Clawback Policy, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and the Company and/or an Affiliate will not be obligated to post bond or other security in seeking such relief. Without limiting the Company's or an Affiliate's rights under subsection 2(g) or any other remedies of the Company or an Affiliate, if the Participant breaches any covenant described in subsection 2(g), the Company will have the right to cancel this Agreement.
- (i) **Electronic Delivery and Acceptance.** The Participant consents to electronic delivery of any Plan documents. The Participant consents to any and all procedures that the Company has established or may establish for an electronic signature system for delivery and acceptance of Plan related documents. The Participant agrees that his, her or their electronic signature is the same as, and will have the same force and effect as, his, her or their manual signature. The Participant understands and agrees that if this Agreement is not accepted within 90 days of the Grant Date, the award is forfeited in full. Participant agrees that these procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan.
- (j) **Right of Set-Off.** If the Company in its reasonable judgment determines that the Participant owes the Company or an Affiliate any amount due to any loan, obligation or indebtedness, including amounts owed under the Company's tax equalization program or the Company's policies with respect to travel and business expenses, and the Participant has not satisfied these obligation(s), the Company may instruct the plan administrator to withhold and/or sell Shares acquired by the Participant on settlement of the PSUs (to the extent such PSUs are not subject to Code Section 409A), or the Company may deduct

funds equal to the amount of the obligation from other funds due to the Participant from the Company to the maximum extent permitted by Code Section 409A.

- (k) **Data Privacy.** Participant acknowledges and consents to the collection, use, processing and transfer of personal data. Participant is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Participant's ability to participate in the Plan. The Company holds certain personal information about Participant, that may include his/her name, home address and telephone number, date of birth, social security number or other employee identification number, salary grade, hire date, salary, nationality, job title, or details of all options or performance stock units or any other entitlement to Shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of managing and administering the Plan ("**Data**"). The Company or an Affiliate will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Participant's participation in the Plan, and the Company or an Affiliate may each further transfer Data to any third parties assisting the Company with the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. The Participant authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing participation in the Plan, including any transfer of Data that may be required for the administration of the Plan and/or the subsequent holding of Shares of stock on Participant's behalf to a broker or other third party with whom Participant may elect to deposit any Shares of stock acquired pursuant to the Plan. Participant may, at any time, review Data, require any necessary amendments to it or withdraw consent in writing by contacting Participant's designated Human Resources professional; however, withdrawing consent may affect Participant's ability to participate in the Plan. All Data will be managed in compliance with the Company's Data Privacy Guidelines and applicable employee notifications, which may contain more stringent requirements, but in any case will not be less stringent than this subsection 2(k).
- (l) **Stock Ownership Guidelines.** If the Participant is or becomes subject to the Company's Stock Ownership Guidelines and applicable retention requirements, the Participant may be limited in selling Shares obtained upon settlement of the PSUs.
- (m) **Clawback Policy.** If the Participant is covered by the Company's Clawback Policy, the Participant agrees that the PSUs are subject to the Policy and may be subject to recovery (in whole or in part) by the Company. The Participant agrees that the Clawback Policy may be amended from time to time by the Committee, including amendments to comply with applicable laws, regulations or stock exchange listing requirements.
- (n) **Section 409A Compliance.** It is intended that the Plan and this Agreement comply with the requirements of Section 409A to the extent applicable and the Plan and this Agreement will be interpreted accordingly.
  - (i) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, and if the Participant is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, at the time of the Participant's separation from service, then, to the extent required under Section 409A, any Shares that would otherwise be distributed (along with the cash value of all dividend equivalents that would be payable) on the Participant's separation from service, will instead be delivered (and, in the case of the dividend equivalents, paid) on the earlier of (x) the first business day of the seventh month following the date of the Participant's separation from service or (y) the Participant's death.
  - (ii) If it is determined that all or a portion of the Award constitutes deferred compensation for the purposes of Section 409A, upon an Change in Control that does not constitute a "change in the ownership" or a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of a corporation's assets" (as those terms are used in Section 409A), the PSUs will vest at the time of the Change in Control, but distribution of any PSUs (or related dividend equivalents) that constitute deferred compensation for the purposes of Section 409A will not be accelerated (i.e., distribution will occur when it would have occurred absent the Change in Control).

- (o) **Governing Law.** This Agreement will be governed and construed in accordance with the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.
- (p) **Consent to Jurisdiction.** Each party hereby submits and consents to the exclusive jurisdiction of the state or federal courts in the State of Indiana, and, in each case, appellate courts therefrom, with respect to any suit, action or proceeding brought by any party arising under or relating to this Agreement.

*By signing a copy of this Agreement, the Participant acknowledges that s/he has received a copy of the Plan and that s/he has read and understands the Plan and this Agreement and agrees to their terms and conditions.*

Agreed to: **XYLEM INC.**

\_\_\_\_\_  
Participant Matthew Pine, President and CEO  
(Online Acceptance Constitutes Agreement)

Dated: \_\_\_\_\_ Dated: **###GRANT\_DATE###**

Enclosures

**Exhibit A**  
**Performance Share Units**

For the 2026-2028 performance period, the LDCC has decided that the PSUs will be granted at Target (100%) with actual payout (0%-200% of target) contingent upon the achievement of the following:

- **50% based on a three-year Adjusted Cumulative EPS performance target.** This will link our executives' compensation to an important measure in building long-term value for shareholders by focusing on driving cost synergies and profitable growth.
- **50% based on three-year TSR relative to S&P 500 Industrial Index (Peers).** This will link our executives' compensation to shareholder value creation.

**2026-2028 Performance Targets and Payout Scale**

The payout scales for performance metrics below provide for PSUs to be earned above 100% for above target performance and below 100% for below target performance. For EPS, payout is capped at 100% if 3-year compound annual growth rate ("CAGR") is < 5%. For Relative TSR, payout is capped at 100% if Xylem's 3-year TSR is negative.

	EPS <sup>1</sup>		Relative TSR <sup>2</sup>	
	3-Year Cumulative Actual	Payout % <sup>3</sup>	3-Year %ile Rank	Payout % <sup>3</sup>
<b>Maximum Payout</b>	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
<b>Above Plan</b>	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
<b>Plan/Target</b>	<b>\$x</b>	<b>100%</b>	<b>x<sup>th</sup></b>	<b>100%</b>
<b>Below Plan</b>	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
<b>Threshold</b>	<b>\$x</b>	<b>x%</b>	<b>x<sup>th</sup></b>	<b>x%</b>
<b>Below Threshold</b>	<b>&lt;\$x</b>	<b>0%</b>	<b>&lt;x<sup>th</sup></b>	<b>0%</b>

**EXHIBIT 1**

**STATE AND OTHER SPECIFIC REQUIREMENTS ADDENDUM**

**CALIFORNIA**

For employees residing in California at the time of execution of this Agreement, Paragraphs 2(g)(iv) and Paragraph 2(o) will not apply.

**COLORADO**

Paragraph 2(g)(iv) does not apply unless the employee who, when the covenant not to solicit is entered and when it is enforced, earns at least \$78,542 as of 2025 (adjusted on a yearly basis).

**GEORGIA**

For employees residing in Georgia, Paragraph 2(g)(iv) shall apply in the United States, which the employee agrees is a reasonable geographic territory in which the Company does business.

**ILLINOIS**

Paragraph 2(g)(iv) does not apply unless the employee's actual or expected rate of earnings exceeds \$45,000 per year (next statutory increase occurs in 2027).

**LOUISIANA**

For employees who perform work in Louisiana, Paragraph 2(g)(iv) shall only apply in the St Tammany Parish.

**NORTH DAKOTA**

For employees residing in North Dakota at the time of execution of this Agreement, Paragraph 2(g)(iv) will not apply.

**OKLAHOMA**

For employees residing in Oklahoma at the time of execution of this Agreement, Paragraph 2(g)(iv) will only apply to the extent it prohibits the Employee from directly soliciting the sale of goods, services or a combination of goods and services from the established customers of the Company.

**OREGON**

For employees residing in Oregon at the time of execution of this Agreement, the Company shall provide a copy of this Agreement to the employees at least two weeks before the employees begin work and must sign this Agreement as a condition of employment. The Company also must provide the employee a signed, written copy of the Agreement within 30 days after the date of termination of the employee's employment with the Company.

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Matthew F. Pine, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xylem Inc. for the period ended March 31, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Matthew F. Pine

\_\_\_\_\_  
Matthew F. Pine  
President and Chief Executive Officer

Date: April 28, 2026

**CERTIFICATION PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William K. Grogan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Xylem Inc. for the period ended March 31, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William K. Grogan

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William K. Grogan  
Executive Vice President, Chief Financial Officer

Date: April 28, 2026

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Xylem Inc. (the "Company") for the period ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company, certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, to his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew F. Pine

Matthew F. Pine  
President and Chief Executive Officer  
April 28, 2026

/s/ William K. Grogan

William K. Grogan  
Executive Vice President, Chief Financial Officer  
April 28, 2026

A signed original of this written statement required by Section 906 has been provided to Xylem Inc. and will be retained by Xylem Inc. and furnished to the Securities and Exchange Commission or its staff upon request.